

BY RAY DAF

LOMBARD

Whips in the constituencies

BY RUPERT CORNWELL

ON THE face of it there is something appealing about the Labour Left's idea that MPs should automatically face re-election as candidates for their seats. The creaking Westminster system has critics enough but one of the more attractive arguments in its favour is the special link that ought to be created between the member and his constituency.

Unashamedly

The Left's suggestion, which it will try to push through next week's Labour conference, is unashamedly in the tradition of strengthening the power of local activists, who are not of the Right. But it would have the advantage of making the process more familiar and perhaps less unedifying, by shifting the plane of attack from the personal to the ideological.

For it is a fact, often forgotten amid the latest turmoil, that successful attempts to oust a sitting MP are very rare—and certainly, one suspects, rarer than the general level of competence would warrant. No-one, and least of all the party, comes well out of it, and invariably in the final resort it has been personal factors which have tipped the scales—witness the downfall of Mrs. Colquhoun in 1974, or Mr. Reg Prentice in Newham North-East, a purely ideological campaign to get rid of an incumbent MP has generally not been enough. It is said that a score of Labour moderates are under similar threat in their own constituencies; but the last of them to be driven to the wall, Mr. Neville Sandelson in Hayes and Harlington managed to extricate himself—and on other fronts—frustrating a strange silence has fallen on the field.

not yet sealed, for a Right-wing faction has aggressively used the techniques of their opponents to entwine the Newham Labour party in a legal and procedural web that leaves the outcome anyone's guess. But two wrongs do not make a right and what- ever has been going on in New- ham, it hasn't been democracy in the average individual's under- standing of the term. Mr. Prentice is not one to attract sym- pathisers—that indeed is part of his trouble—but his complaint that under the Labour system too much power is in the hands of a small group (a general management committee is usually 50 or 60 strong) is surely correct. Whether his alternative, a system of primaries along the American lines is feasible is another matter.

This at least has the merit of allowing final sentence to be passed by a few hundred instead of a few score. And this indeed was the recourse open to Mr. Scott, who he lost on Tuesday night. Central Office snuggly claims that Party rules offer a far superior safeguard against a determined minority than those of Labour.

The problem

All that a rejected Labour MP can do is appeal to his party's National Executive Committee, hardly a comforting prospect if the victim is a Right-winger, given the NEC's feeble and equivocal stand on extremist "entry-ism," and its ratification, in the teeth of Prime Ministerial opposition, of a Trotskyist as National Youth Officer. And even then the chances of overturning the verdict depend normally on proof that the local party has tampered with the rules.

EACH TIME the oil industry answers a query about its North Sea activities it seems to beg Auk Field.

The Hamilton Brothers group's Argyle Field is a good starting point. On Monday the field's partners confirmed that more oil had been found on a faulted structure to the west of the main reservoir. Oil was tested at a rate of 5,000 barrels a day which, if confirmed under continual producing conditions, will provide a useful, if un- spectacular, addition to Argyle's waning output. Production is now down to around 20,000 barrels a day as against a peak of 38,000 b/d a year ago.

This latest find, seven-tenths of a mile south-west of the successful sixth well, may give Argyle a fresh lease of life but few in the industry expect it to add more than months to the producing period. Whereas previously the field's partners may have found it hard to justify production much beyond the end of next year, it now seems that Argyle will be with us for a good part of 1979.

The producing characteristics of this latest structure are as uncertain as those of the rest of the field so no one is making any estimates about the size of additional reserves. Argyle is still thought to be a field with between 20m. and 25m. barrels of recoverable oil.

The partners are wasting no time in linking this latest well into the existing production system. Hamilton director Mr. Bob Dyk also felt that the well had given "fresh encourage- ment" to carry out more work. The group is looking seriously at further wells in this field, probably to be drilled next year.

found its Fulmar Field in the Jurassic zone, very close to the Sea activities it seems to beg Auk Field.

Argyle, like its neighbour Auk, lies in Permian Zechstein rock. It was this formation that yielded the 5,000 b/d flow in the latest well. However, Hamilton Brothers did encounter oil-bearing Jurassic sands which were not tested. Traces of oil have been found in the Jurassic zone penetrated by other wells in the Argyle field, so it is still possible that production will be given further reviving in- jections. Perhaps this is one reason why the Department of Energy and its watchdog, British National Oil Corporation, are pushing along detailed state participation negotiations with the Hamilton group.

Phillips Petroleum provided its own mystery this week by announcing that it was "planning to embark on another oil- field development programme." The statement, carried in a large appointments advertise- ment for offshore specialists, will be welcomed by the North Sea supplies industry.

The spokesman for Phillips would not divulge which field was being looked at. His only comment was: "We are making forward provision for possible needs we may have for a development."

Assuming that the field is in the U.K. sector of the North Sea, as seems probable, there are four possibilities: Renée, lying in block 15/27, can be virtually discounted for the time being. Although the discovery well tested oil at a rate of over 8,000 barrels a day, the first appraisal well to the north was far from encouraging. Consequently, Phillips will want to know more about the reservoir.

Thelma, on block 16/17, looks to be a much more promising structure, particularly in the light of the Tomi appraisal well earlier this year. Recoverable reserves could be in the 500 to 600m. barrel range although Phillips will be looking to the evidence of a new well, shortly to be drilled, for confirmation.

It now seems that the Thelma oil complex, like its more northerly Brae cousin, can be likened to a string of beads with the oil being trapped in separate reservoirs. Conse- quently Phillips will need to evaluate the drilling data very carefully before it decides on a development programme.

Andrew, a field with perhaps 150m. to 200m. barrels of re- coverable reserves lies in Phillips' 16/27 block and British Petroleum's 16/28. Although small, the field has the advantage of being situated close to Forties which means that eventually its oil can be transported ashore in the Forties pipeline. However, BP has its hands full with Forties, Buchan, the Sullom Voe ter- minal in the Shetlands and—shortly—the Magnus Field and there is little evidence that this offshore group is eager to make a start on Andrew.

BRAE FIELD DRILLING PROGRAMME (block 16/7)

Table with columns: Well, Oil intervals perforated (ft.), Cumulative oil flow rate (barrels per day). Rows 1-10.

So, it seems that Maureen will be the field to receive an early go-ahead. It is known that Phillips has been studying possible production methods for some time although it has not yet reached the position of seeking Department of Energy development approval. The field in block 16/29, was developed in 1973 in 320 feet of water. Within the industry it is thought that reserves are be- tween 120m. and 150m. barrels, small by North Sea standards. However, the development could be made to look more com- mercially attractive if it were

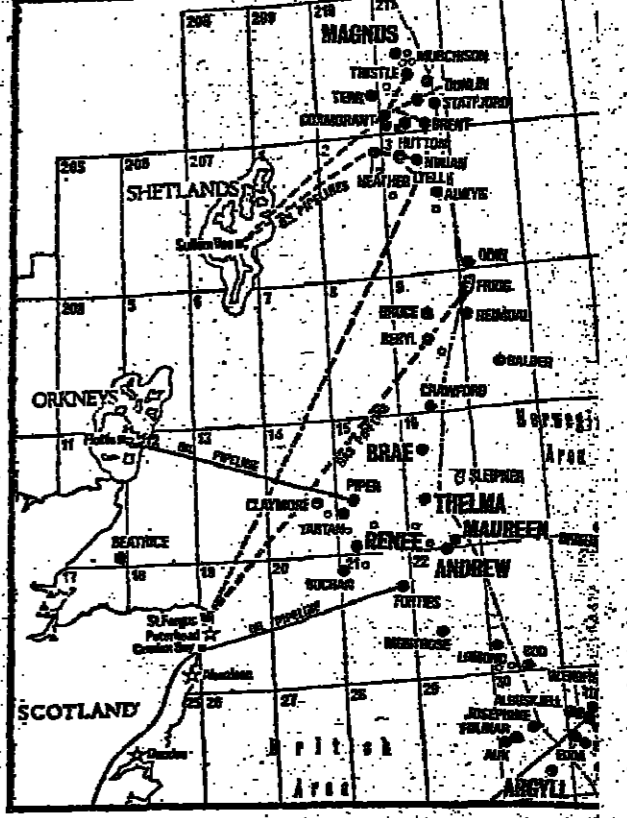
eventually linked with Phillips' other nearby interests: Andrew and even Mabel.

Phillips is expected to order a conventional steel production platform for Maureen, a contract that will be keenly sought by U.K. and European fabrication yards, including those of Union Industrielle et d'Entreprise and Redpath Dorman Long which yesterday announced a joint venture arrangement.

There are a number of plat- form orders in the offing, one of them for BP's previously men- tioned Magnus Field. This northerly structure, with per- haps 400m. to 600m. barrels of recoverable reserves, lies in over 600 feet of water so its development presents some very special problems. BP has evaluated all types of production methods, including a concrete tower, but it is likely that a steel structure will be chosen. Whether this will be a tension- legged platform, a tapered buoy structure or a steel tower re- mains to be seen, but it seems certain that BP will install a cluster of up to 12 sub-sea well completions on the long field.

This brings me to another elongated and even more per- plexing structure: Brae. The name stimulates a cold sweat of anxiety in any commen- tator faced with evaluating the prospects for this field. It has been dubbed both the biggest and the biggest disappointment. En- thusiastically set your sights too high and you are liable to be shot at by the pessimists below; be over-cautious and you run the risk of having a brick dropped may well be over 1bn. barrels on you by the super-optimists. No-one can be certain who will see unofficial estimates several times that figure. The question-naire remains as to how well the oil will flow and how much the turbines (referred to as Brae consortium itself). Pan recovery rate can be stimulated North, Central and South Ocean, the field's operator, recently acquired by Marathon, provides some of the answers spread out from the server. However, Mr. Harold Hoopman, president of Mar-athon, has been more forthcom- ing. He told New York security analysts in July that reserves were "well in excess of 500m. barrels." A spokesman for Mar-athon in Findlay, Ohio, confirmed this week that this statement im- plied recoverable reserves. On Wednesday Mr. Hoopman re- peated the figure at a meeting of analysts in Cleveland, Ohio.

His confidence is not shared by all of the other consortium members, however. (The Brae partners include British National Oil Corporation, Bow-Valley, Kerr McGee, Ashland, well, now being completed on duration facilities and pi-

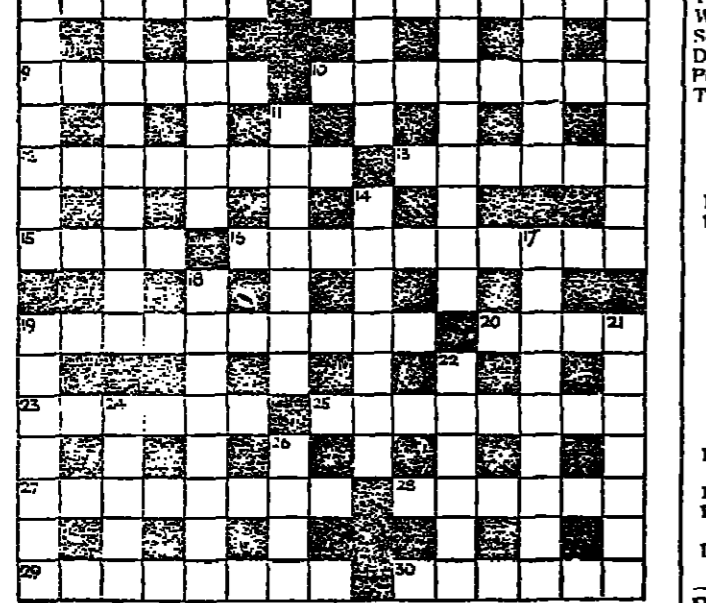


Louisiana Land and Explore the northern flank (the Magnolia and Saga). Central Brae structure apparently reports containing an oil field although it is less than 200m. barrels or so. These reports are not to be taken too literally. No one denies that the Brae complex covers a large area—it seems to stretch the length of a block—not that it has a well will probably be great deal of oil in place. There is no doubt that the Brae field is one of the most successful of the lengthily drilling programme. Perhaps that is why Marathon made such a song and dance about the good year. Again there was disagreement over the position for the main field comple-

Radio

- BBC 1: 6.40 Nationwide, 6.45 Sportsweek, 6.55 Seaside Special, 7.40 The Heavyweight Championship of the World...

F.T. CROSSWORD PUZZLE No. 3480



- ACROSS: 1 Shivering like fish (6), 7 Angry, that is, about rat (5), 11 This sum must be changed for a narrow strip of land (7)...

LONDON

- 9.30 a.m. Schools Programmes, 10.50 Felix the Cat, 12.00 The Learning Tree, 12.10 pm. Pippins, 12.20 The Duplop Masters...

BBC 2

- 6.40-7.55 a.m. Open University, 9.30 Liberal Party Assembly, 11.00 Play School, 11.25 Liberal Party Assembly...

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Infidelio and Dawnpath

ROBERT PORTER

Robert Porter presented a double opera: Eliza's Infidelio and Anna's Dawnpath, both sensitively conducted by Roger Wilton...



Tom McDonnell and Jane Manning

are inevitably lost when the singers soar above the stage—the tenor to D, the soprano to C—the emotional sense remains clear. Infidelio is in all ways a clear and shapely work—in its large form, in its fluid but apprehensible rhythms...

ensemble of flute, clarinet, horn, cello and percussion. It lasts about 50 minutes. The libretto, the composer's own, is based on two American Indian legends: (i) "The first being was lonely, by himself on earth, and so he sang; and in his singing all the creatures and growing things of the world were created"; (ii) "The first beings on earth were given the choice of living forever in darkness or of dying that night which always gave way to day."

Man begins to sing: the dancer is world, wind, water, tree, horse, and especially deer. Woman is created by the song. Man becomes aggressive possessive ("I love the deer, mine"). Deer tames and a less interesting scene. The players in both pieces were expert.

soft-woven pianissimo webs of lapped lines, shot through with dainty flurries and patterns. Miss LeFanu is a skilful composer. If I say, unkindly, that I found her piece at once flimsy and pretentious—in a word, silly—let me add that it makes consistently agreeable noises, set down by a hand controlled by an acute ear.

Barbarians

by B. A. YOUNG

and Louis in the dead period of unemployment after leaving school, picking up casual money about the streets will do until some vague stroke of good luck helps them along.

into manhood—Jan in the Army, on the eve of embarkation for Belfast, Paula a wide boy still, Louis, always the most ambitious of the three, in a good trade with his own van. They meet at the Notting Hill Gate Carnival; it ends in disaster for all of them.

Barry Keefe has a remarkable insight into the characters of these young people—their vague sense of companionship in a society to which they offer nothing of their own; their parading of other people's merits as if they were their own; their belief that the world owes them a living. He puts it all into skilful and often highly comic dialogue that bears the same relation to everyday Cockney as O'Casey's speech does to everyday Dublin.

Not that Allen has completely lost his stylistic nervousness. The film's advertising carries a subtitle—"a nervous romantic"—and Allen captures the flitter quality of his hero's perceptions with a wide range of stylistic tricks and surprises. The split-screen technique is deliciously used to present contrasting psycho-analysis sessions and family meals; subtitles spell out the characters' secret thoughts during courtship; Marshall McLuhan puts in a sudden appearance to quell the twitterings of a cinema-queue hore.

Alan Curtis

by NICHOLAS KENYON

beginning of 1975, a volume came to light: a copy of the first edition of Bach's Goldberg Variations, with additions sections in Bach's own hand most sensational of which was a set of 14 new variations written on the inside cover. They were widely and performed here at the English Bach Festival—equal—if not greater—to scholars were the variations which Bach had written for himself, alterations which a meticulous mind would correct, or to make life, its already highly ideas. The "revised" have just been published in the Neue Bach-Ausgabe (Series V Volume 2, Barenreiter), and last night at the Wigmore Hall Alan Curtis gave the first performance in this country, to my knowledge, of the new text.

He was at his best where he had most that was new to reveal: in the seventh variation, where Bach's handwritten instruction entitles the tempo from that of a Siciliano to a Cigue, Mr. Curtis articulated crisply, and added lively ornamentation. In the 26th variation, where Bach's additions make clear that the movement is lyrical rather than merely virtuosic, Alan Curtis made his fine harpsichord ripple with gently-controlled semiquavers.

Throughout the performance he stressed the more introverted, expressive qualities of the Variations rather than taking the opportunities they provide for brilliant display. At times his phrasing was dangerously lumpy; and though the constant first-beat rubato were doubtless intentional, they detracted from the music's powerful forward impetus. It was good to hear the part-writing in the canons so clearly drawn, but disconcerting to have such a random number of repeats played: only to play all, or none, does justice to the perfect balance of this greatest of baroque variation sets.

Cinema

Laugh of the Year by GEOFF BROWN

Annie Hall (AA) Cinecitta. Screen, Gate Pumping Iron (A) Studio One A Portrait of the Artist as a Young Man (AA) Academy One Outlaw Blues (AA) Warner Three David Lean National Film Theatre

George Butler and Robert Flore, provides a semi-documentary look at their bizarre world. Its star attraction is Arnold Schwarzenegger, past winner of many Mr. Universe and Olympia competitions and now a fledgling actor (he has already been seen in Bob Rafelson's Stay Hungry). He sees his body, he says, as a work of art and is in effect both sculptor and sculpture, moulding his limbs and muscles to produce the most beautifully developed and balanced physique the world has ever seen.

and the Academy now show his version of Joyce's earlier, more orthodox novel, A Portrait of the Artist as a Young Man—filmed in Ireland last summer with Irish technicians and actors (excepting John Gielgud, who puts in a brief appearance as the preacher of the ferocious sermon on the fortress of Hell). This, one would have thought, was an easier, more flammable proposition than the mammoth, multi-layered multi-styled Ulysses. Not so, for one thing, the visual surface seems wrong. Considering the period and atmospheric bric-a-brac most adapters of novels imported into their screen versions, Strick's film looks curiously empty. The locations may indeed be in Ireland, but they all have a brightly-coloured, sparsely-populated look about them that bespeaks unbelief.

for instance, in satire (the police chief up for election as mayor, won't make any move on the streets without a TV news team present). The film also toys with crazy comedy, notably in a motor-cycle chase whose settings include a hotel wedding reception and a river-bank string quartet recital. But none of the plot's situations are used to full advantage and Richard T. Heffron's languorous direction only emphasises the flaccid construction. The softness also affects characterisations, for the audience is strenuously encouraged to regard everyone with the same mental indulgence: all's well that ends well, no matter what foul deceit and hypocrisy has been uncovered along the way. But it is, I repeat, highly watchable.

Woody Allen's Annie Hall is a total delight: the film of the week, the film of the month and very possibly the film of the year. If it fails to receive the critical accolades it deserves, this will no doubt be because of the built-in prejudices so many people have about comedy films. They are good for a laugh, so the argument goes, but in the last resort are neither as necessary nor as true to life as drama films about nervous breakdowns, shattered marriages, or any variety of angst.

From the interviews with Schwarzenegger and his fellow competitors it seems that most people originally pursue the body beautiful in a mood of over-compensation—extravagantly rejecting against the normal childhood torments of restrictive home life and bullying school comrades. Many other people went through the same nightmare and came out as comics (and indeed a sense of humour seems necessary to body-builders if they are to reach the top. Certainly never more so when these grandiose men flex themselves this way and that to grandiose music, and engage in various promotional stunts. Ladies and gentlemen—the strongest man in the world is blowing up a hot-water bottle, says an off-screen announcer; and so he is, until it explodes. It is a unique film and should not be passed over, no matter what one's physical condition.

Only with the incidental close-ups of pub inhabitants enjoying a hearty pint do we approach tangible reality. This may be partly the result of last summer's unprecedented fine weather—the fierce sun making every landscape and building look as though it had just been freshly painted. But it is also the result of the distance Strick has played between himself and his characters. The painful development of Stephen Dedalus (well played by Bosco Harris), the battles which take place between the counter claims of religion, philosophy and aesthetics, between church and family—these are all sketched rather than explored, as though the mere reiteration of a few of Joyce's lines were sufficient to put the points over without any extra effort by the director. Strick's style, in fact, is coldly straightforward, only departing from the norm for a few clumsy cutaways to Stephen's hectic imaginings during the hellfire sermon (blood trickling down his forehead, his face beset with mud). The effect, in sum, is like reading a synopsis of the novel rather than the novel itself.

Lastly, the National Film Theatre is presenting the output of David Lean—a mere fifteen films, ranging from the claustrophobic environments of the Dickens adaptations Great Expectations and Oliver Twist to the wide sandy spaces of Lawrence of Arabia, and the Irish coast in Ryan's Daughter, released in 1970 and still his last production to date. After the ludicrous disaster of Alan Bridges' television version, the original Brief Encounter (October 31) can only seem even more of a classic, with its prim lovers dallying with infidelity in Noel Coward's heady middle-class world where places are called Milford, Ketchworth and Churley; and the daily round includes visits to the Karamiah cafe (with ladies' orchestra) and Boots' library. The Passionate Friends, made in 1949 from the novel by H. G. Wells and now comparatively rare, shows the same craftsmanship and fastidious approach to human emotions. "Passionate" should be taken with a large pinch of salt. Ann Todd, the heroine, proves herself incapable of deep romantic love by choosing to submit to her kind but cold husband (Claude Rains) rather than to her agreeable, over-smiling "friend" (Trevor Howard). At one point the film seems to be working towards an emotional climax on an Alpine peak; had it been a foreign or American film we would probably have had the camera encircling the couple hectically as they love at the highest possible altitude. But it is a British film and once up the mountain

At the film's centre is the relationship between Woody and his customary partner Diane Keaton. Woody plays Alvy Singer, comedian, and any resemblance the character has to his creator is far from coincidental: both had the same background (Brooklyn, Jewish) and both go through the same early grind of stand-up performances at clubs and universities.

There is also a clear correspondence between Diane Keaton and Annie Hall, the eccentrically diffident nightclub singer whose life with Alvy forms the film's backbone. But the film is far from being hermetic, a giant piece of indulgence in the order of late Chaplin (though, as in all Allen films, there are several jokes which can only mystify a non-Jewish, non-New York audience). Allen has simply created a film where his usual comic sensibilities—his death, psychoanalysis, cinema and all brands of intellectual hogwash—are tied more directly into the characters and situations rather than being strung out, haphazardly, almost in a revue format. As a result the laughs are far deeper, far more satisfying.

Outlaw Blues features Peter Fonda, eight years after Easy Rider, keeping a memento of his rebel image by playing the sinfully jaded Bobby Oden whose country and western number "Outlaw Blues" is pirated by an established country star Garland Dupree (James Callahan). The film is highly watchable and generally amusing, for which one must certainly be grateful. But it also suffers mightily from one of Hollywood's newest and most widespread ailments, which can only describe as sheer softness. No elements in the concoction (and it is definitely a concoction) are followed through to their logical conclusion, and it can be seen on October 13 and 15.



Diane Keaton and Woody Allen

From Woody Allen to body-builders Pumping Iron, directed by George Butler

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Snappe Maltings Schubert-Britten Festival Under spectacular autumn skies, Benson and Hedges plays host to a new week-long Aldeburgh festival of chamber music and song. Schubert and Britten are the aptly paired deities of the 1977 festival (to-night's miscellany of songs and instrumental pieces is called, rather unhelpfully, a "Schubertitea", in imitation of those intimate, convivial Viennese musical gatherings of the 1830s); 1978 promises Mozart and Rakhmaninov. Concurrently, an important new competition for concert singers is being held before a panel of distinguished judges (Guend, Dorlik, Hutter, Legge, Moore, Schwarzkopf). The little C minor Allegretto (D913), in Schubert's recording crisply started and classically outlined, was played out as an intense high-Romantic tragedy in miniature. After the interval, the G major Sonata, Op.78 (D984), although it first seemed that the opening movement must lose a little of its rocking quality when so slowly and deliberately taken, overwhelming conviction altered the identity of the music entirely. To such mastery of inner light and shade, to such unnering insistence on the feet-slumped, there was no choice but surrender. Schubertian mastery of another kind was encountered the next night in the Trout Quintet. The Amadeus Quartet, making amends for the slightly muffled C minor Quartet, at the start of the recital, were joined by Rodney Slatford (double bass) and Clifford Curzon, whose elfin, sparkling wit irradiated every note he touched in the middle. Britten's String Quartet in C, No. 2 Op.36, introduced the other composer of technique to be more fully celebrated in subsequent concerts. It was not perhaps the most convincing of introductions to one whose naturalness of intention and effortlessness of technique have been so often compared with Schubert's; for the quartet lacks inevitability, the sense that no other course towards its first-movement and final C major affirmations is conceivable. But the central movement, a flicking scherzo, is a sturdy, sharp-pointed piece, here flicked off with nice irony and robust ensemble. MAX LOPPETT

IMPORTANT ANNOUNCEMENT The Royal Opera House regrets that owing to contractual difficulties it will not be possible to perform THE TROJANS AT GARTHAGE tonight. Seats can be exchanged for later performances where available or complete refunds will be made.

Giant technology—from Texas Instruments on page 4.

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EUROPEAN NEWS

Count Otto Lambsdorff takes over from Herr Hans Friderichs as West Germany's Economic Minister next week. Jonathan Carr describes...

A man of sturdy independence in need of luck

OTTO Graf (Count) Lambsdorff, another key figure in West Germany economic life, the industrialist Dr. Hanns-Martin Schlager, is still being held by terrorists.

He gives an impression of sturdy independence without quite going to the point where he can justly be accused of loyalty either to his liberal Free Democrat Party (FDP) or to the Government coalition.

Herr Friderichs is due to go to the Dresdner Bank as chief executive in succession to Herr Juergen Fanto, shot dead by terrorists in July.

Count Lambsdorff's departure has left a sour taste. One of his colleagues has accused him of "desertion" at a particularly difficult economic moment.

Selective distribution system challenged

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE EUROPEAN Court has reopened after a two-month vacation, well stocked with a great variety of cases.

In the bizarre category one can perhaps include the case No. 30/77 of M. Boucheiron (in which Mr. Advocate General J.-P. Warner delivered his opinion on Wednesday).

The reason for the expansion was that the plaintiff was found in the possession of drugs. The question the European Court will have to decide is whether the possession of drugs does or does not fall into the category of public policy, security or public health justifying restrictions on the freedom of movement in goods.

Of more immediate interest to business, and particularly to companies producing or distributing electronic consumer goods, is case No. 26/78, a complaint against a decision of the EEC Commission approving a system of selective distribution introduced by SABA, a German manufacturer of TV and radio receivers and of tape recorders.

The system involves a series of agreements between SABA and wholesalers... The Commission's decision was justified in principle under Article 36 of the Treaty.

The first issue with which the European Court will have to deal is whether the Commission's decision is not inadmissible under the EEC Treaty because Metro is not concerned the House of Lords has by the decision individually, but municipal law of the UK.



Count Otto Lambsdorff: long experience in private sector.

After the war (during which he lost a leg fighting on the Eastern Front), he studied law, moved to banking, first to the Commerzbank in Frankfurt, and finally to insurance.

Nonetheless, Count Lambsdorff is being forced to take over in an atmosphere which, at the least, does not make a solution to the many problems confronting him any easier.

Abroad, West Germany faces increasing trade protectionist pressure, not least from France. And it seems, to its own regret, to be steering towards another brush with Brussels over the European Commission's plans for progress towards economic and monetary union.

How will he react to the challenge? No less than Herr Friderichs, he is a supporter of the market economy and a fierce opponent of those—even in his own party, let alone its coalition ally, the Social Democrats—who see state intervention as a cure-all for Germany's structural woes.

Count Lambsdorff is thought to be a little to the left of Herr Friderichs' comfort. A similar connection may now be lacking. The truth is that in the SPD-FDP press of talent surging towards ministerial offices...

Count Lambsdorff's background would appear to fit him well enough for a coalition with the Christian Democrats (CDU), presently in opposition, should the SPD-FDP alliance fall apart.

Foreigners may find him disconcertingly blunt. He is, for example, no supporter whatever of suggestions, again bubbling forth, that the Bundesbank's reserves be mobilised for example to increase development aid.

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Coalition partners squabble in Hamburg

A BAD OMEN has emerged from Hamburg for the coalition there between the Social Democrats (SPD) and Free Democrats (FDP)—the same parties which form the Government in Bonn.

After a series of squabbles with the SPD, the FDP has now voted with the opposition Christian Democrats (CDU) in the Hamburg Parliament on motions involving the date and conduct of local state elections next year.

The issue in itself is of minor importance—but it underlines how fragile the coalition there has become. And Hamburg is one of the states to which the SPD-FDP badly needs to cling next year if the balance of power at federal level is not to be seriously upset.

EUROPEAN COURT

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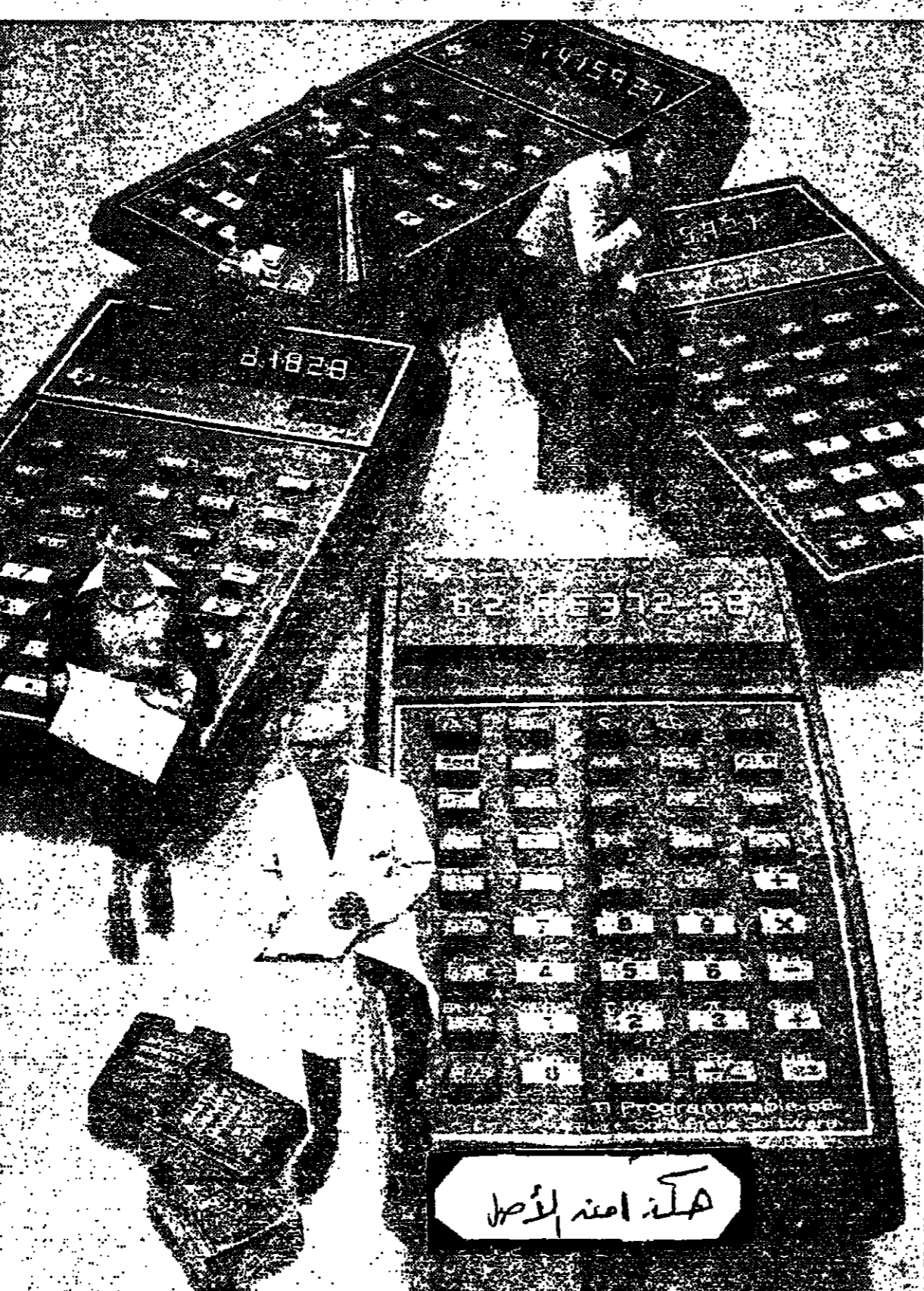
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Dividend: £1,000,000,000

Interest: £1,000,000,000

Income: £1,000,000,000

Expenses: £1,000,000,000

Assets: £1,000,000,000

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Equity: £1,000,000,000

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Expenses: £1,000,000,000

Assets: £1,000,000,000

Liabilities: £1,000,000,000

Equity: £1,000,000,000

Selective system

مكزامن الاصل

Commission seeks green light for EEC-China talks

By DIANA SMITH

BRUSSELS, Sept. 29. The Commission today announced that it has agreed to begin talks with China, the Chinese approach to the Commission in the spring for a resumption of trade talks coincided with the appearance of a Russian minister in Brussels to talk about fish.

The trade pact that the EEC hopes to conclude with China is a five-year framework agreement of the kind that the Community has had on offer to all state trading countries since 1974. Designed basically to take the place of GATT rules with countries that are not members of GATT, it would replace the present extensive array of unilateral quotas on Chinese exports to the EEC with certain bilaterally negotiated restraints.

The agreement will carry no special trade preferences for either party, though the Community will formally give China most favoured nation tariff treatment. Chinese imports get this already de facto, but inscribing it in the agreement will mean that China will automatically get the benefit of any tariff cuts that the EEC makes in the current Tokyo round of the GATT trade talks.

But the agreement will not enter into the details of how far, for instance, individual quotas for Chinese imports might be relaxed. That will be for the mixed commission of Peking and Brussels officials, that is to be set up under the framework pact, to thrash out later.

The Chinese have a structural trade deficit with the EEC. Last year, for instance, the Community exported \$1.34bn worth of goods to China. While only \$907m worth of Chinese goods went the other way. While the Chinese would obviously like to set a clear arithmetical balance on bilateral trade—which EEC officials say they could not accept—it is felt that the Chinese may be content to make a more even trade balance only a long-term and vaguely stated aim of the agreement. This the EEC could accept.

There is also the problem of the safeguard clauses that Brussels wants and which would allow restrictions to be reimposed in the event of sudden or heavy influxes of sensitive Chinese imports, say textiles or leatherware. The Chinese have initially balked at this. But it is felt here that, if only for political reasons, China will accept EEC insistence on this point.

Catalonia takes first step towards autonomy

By DIANA SMITH

MADRID, Sept. 29. THE SPANISH Cabinet, meeting in special session this afternoon, gave its blessing to the first step towards regional autonomy for Catalonia which will eventually affect all of Spain.

As of tonight, Catalonia has been given back its Generalitat, the ancient body that has attended to Catalan interests, with interruptions, since 1288. The Generalitat was first suppressed in 1714 when King Philip V deprived Catalans of their autonomous bodies as a punishment for their supporting the rival claimant to the throne in the Spanish War of Succession.

In 1932, during the first republic, the Generalitat returned to life. It died again on April 5, 1938 when General Franco suppressed all Catalan regional bodies. Its president and councillors went into exile. Now after three months of intense, sometimes difficult, negotiations, 78-year-old Sr. Josep Tarradellas, who inherited the Presidency in exile in 1954, will return home to lead the resuscitated Generalitat.

There have been times in the past three months when Catalans despaired of seeing the Generalitat restored. The Government's insistence on negotiating initially only with Sr. Tarradellas and his close associates aroused energetic protests from representatives of Catalan political parties which won the majority of votes in the June general election this year—that is the PSOE (Spanish Socialist Workers' Party) and the PSCiC (local branch of the Spanish Communist Party).

Many leading Catalans, besides the Socialists and Communists, questioned Sr. Tarradellas's right to represent them because of his long absence from Spain and the fact that, unlike them, he had not been elected by popular vote.

Furthermore, Sr. Tarradellas' apparent willingness to accept minimal powers for the Generalitat increased the antagonism. However, early this month the Government and Sr. Tarradellas conceded the right of leading negotiators to sit on the negotiations and to sit on the new Generalitat.

The royal decree, published to-night, which will be given urgent approval by Parliament and come into effect at once, repeals Gen. Franco's 1938 decree and its preface recognises the historic personality of Catalonia as expressed by its Generalitat. The decree states that the Generalitat is being restored provisionally until full autonomy status is voted in the Parliament. This full status will not come until next year, when the new constitution specifies the framework of autonomy for all Spanish regions.

The provisional Generalitat will have two essential functions: to work out draft proposals for Catalans' autonomy, and to coordinate the operations of the present deputations for the four Catalan provinces of Barcelona, Gerona, Tarragona and Lerida.

It will consist of two bodies: the presidency filled by Sr. Tarradellas; and the Council, or council, a body with 18 members four of them representing the provinces, the other 12 a mixture of political leaders and technicians.

A joint commission of the central Government and representatives of Catalonia has also been set up to-night by royal decree. This commission will handle the gradual transfer of powers to the Generalitat by the Spanish state. Initially, these powers will be limited to local social services, etc.

To-night in Madrid, Catalan MPs unanimously voiced their joy at the restoration of the Generalitat, however embryonic. It is a great day for Catalonia and for Spain, they said. Their feelings were echoed in Barcelona at the news broke of the first step towards autonomy.

Britain's Liberals 'might win Parliament seat'

By DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 29. The authors forecast that the Conservatives would win 41 seats and Labour 35. The Scottish Nationalists and the Ulster Unionists would get two seats each. Mr. Gerry Fitt's Social Democratic and Labour Party would win one seat and Plaid Cymru and the Liberals none.

Rather surprisingly, the authors do not attempt a precise prediction of the result under proportional representation (PR) system. But they say that if this method were adopted throughout the Nine it would guarantee the Socialists a maximum of seats while ensuring that the predominantly British Conservative group and the European Democrats for Progress (the Gaullists) did least well.

Overall, however, the Liberal group in the new Parliament would be affected most critically by the type of election system chosen.

The retention of national electoral systems (which contain an element of PR in all countries except Britain and France) would make the Socialists the single largest group, with 134 seats, followed by the Christian Democrats, with 101, and the Communists with 52.

Other previous studies of the most recent election results contained assumptions about probabilities at the time of direct elections, scheduled for May next year. In Britain, it was estimated that the Conservative Labour, similar to the most recent

Judd begins discussions with Gibraltar leaders

By OUR OWN CORRESPONDENT GIBRALTAR, Sept. 29.

BRITISH FOREIGN Office Minister Frank Judd has begun two days of talks with Gibraltar leaders in a politically charged atmosphere. Both the government and opposition have expressed strong pro-British feelings at a time when other factions are beginning to press for a settlement with Spain on the colony's status.

As Mr. Judd flew in, the Gibraltar Council of Ministers took the unusual step of issuing a lengthy statement pledging themselves to continue to resist what they describe as "the unrepresentative anti-British minority."

The statement attacks the district officer of the local Transport and General Workers Union branch, Mr. Jose Netto, for expressing anti-British sentiments in a Spanish newspaper interview and for having reportedly stated that Gibraltar could be made an autonomous region.

Bonn changes terrorist law

BONN, Sept. 29.

THE WEST German Bundestag today passed a law enabling authorities to cut off imprisoned urban guerrillas from all contact with the outside world under specific circumstances.

Four deputies of the ruling Social Democratic Party (SPD) voted against the law. Seventeen members of the SPD and the Free Democratic Party—junior partner in the coalition Government—abstained.

The law is chiefly aimed at preventing extremists from using their defence lawyers as contact men with the outside.

Portuguese refugees must quit hotels by to-day

By OUR OWN CORRESPONDENT LISBON, Sept. 29.

OVER 23,000 refugees from Lisbon's former colonies will have to leave the hotels and pensions where they have been housed in Portugal by to-morrow. Sr. Goncalves Ribeiro, the High Commissioner for Refugees, has confirmed a television broadcast that the Government is sticking to this deadline.

Widows with children, old aged pensioners and unwed mothers will be exempt from the evacuation order. Sr. Silva Pereira, a spokesman for the refugees, said that he hoped the Government would not turn the refugees out into the streets. He said the refugees had great difficulties in finding employment. Meanwhile, Sr. Ambrósio Costa, the Industry Minister, said that the Government would not oppose the re-election of Sr. Jose Manuel De Mello as President of the Board of the Lisnave shipyards. Over 15,000 workers protesting against his possible re-election dunned Sr. Silva Pereira, a spokesman for the refugees, said that he Lisnave and Seicnave shipyards.

Italy's warning opens nuclear debate

By INVESTMENT BETTS ROME, Sept. 29.

THE announcement of a major power by the early 1980s was immediate and the financing programme included the country's long-delayed nuclear projects, basically support Italy's nuclear choice.

Donat-Cattin, during the three-day debate here, said that the crucial issue remains cost. Although in the long term its nuclear programme would represent a major relief to Italy's balance of payments, in the short term it could be a major strain in terms of imported equipment and know-how.

Earlier this summer, the Italian Prime Minister, Sig. Giulio Andreotti, during an official visit to Washington, held a series of talks on the nuclear programme with the U.S. authorities. These talks were reported here to have centred on the possibility of the major U.S. credits to Italy through the Export-Import Bank programme providing for Italy's nuclear programme. A figure of \$3bn. has been mentioned.

Employment falls in Holland

THE HAGUE, Sept. 29.

EMPLOYMENT fell in the Netherlands last month. The adjusted number of unemployed declined by 3,500 to 216,300 in the month while the actual number of unemployed fell 3,400 to 205,300. Seasonally adjusted vacancies fell 1,300 to 87,200.

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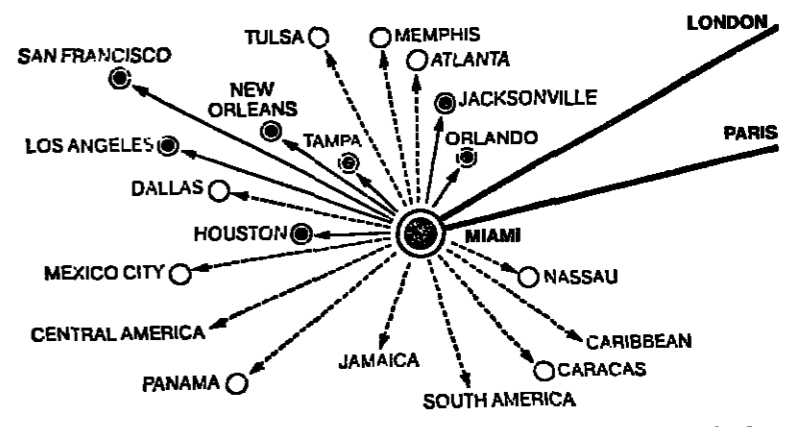
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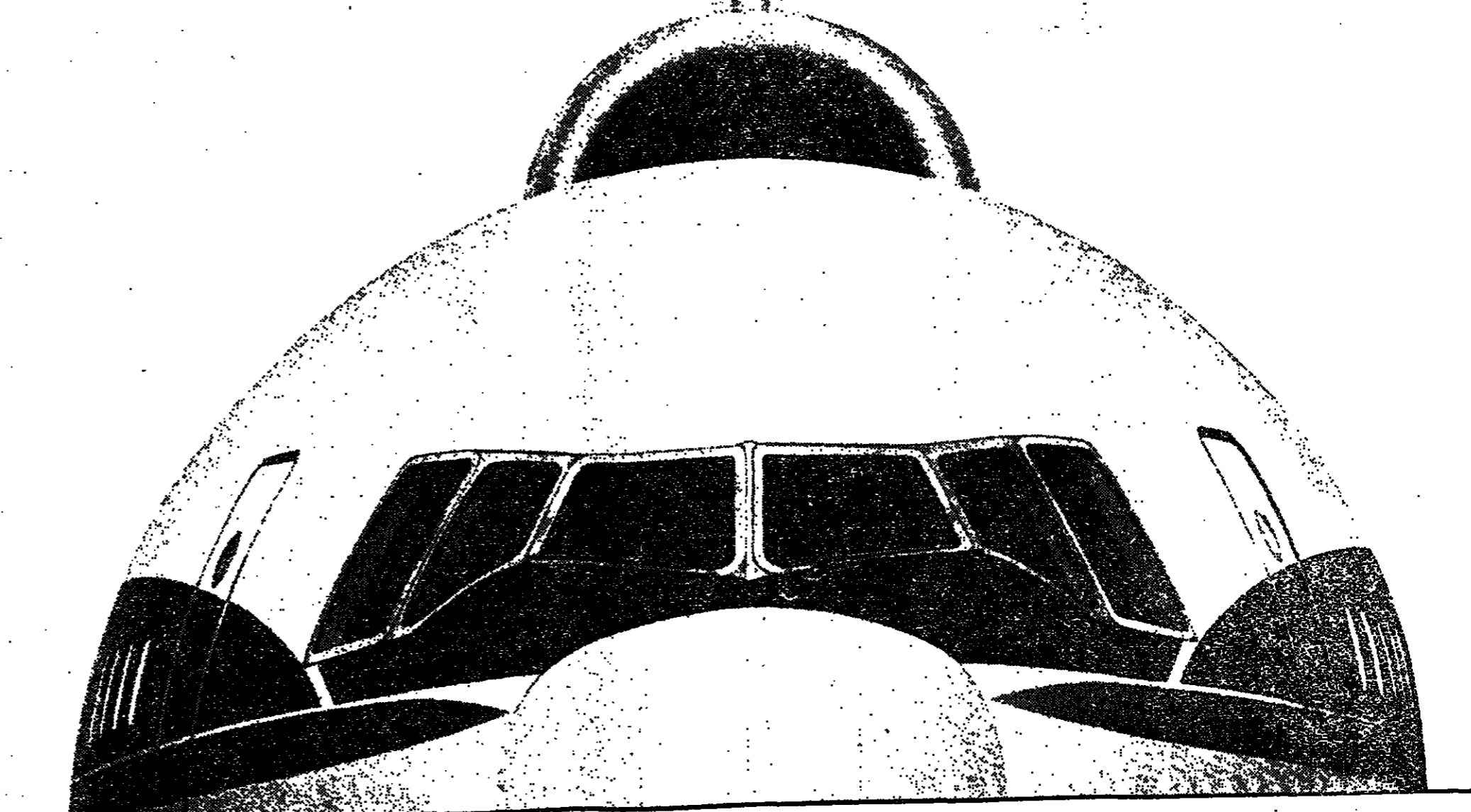
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September 30, 1977

Barre in Moscow talks uranium purchases

AVID SATTER

French Prime Minister M. Barre arrived in Moscow for the opening of the Franco-Soviet joint commission and France is anxious to import uranium and gas as well as to import Soviet oil.

everything possible to steer French companies towards buying Soviet oil if the price were right.

MOSCOW, Sept. 29.

Soviet-French trade reached Frs.10bn. in 1976 with a surplus of about Frs.1bn. in France's favour.

Brown and Root deal still under discussion

Financial Times Reporter

BROWN and Root, the U.S. engineering company, has yet to finalise a contract for the construction of naval port facilities at Chah Bahar on the Gulf coast, according to a company spokesman.

He declined further comment, but it appears that the Iranian Government has been pressing for a contract involving payment either in whole or in part, in crude supplies.

U.S. contractors have resisted Iranian pressure for barrier payment—a method which both they and the oil companies regard as complex and difficult to administer.

Iran is thought to be discussing with Costain International such a deal for the associated project at Chah Bahar for a township and housing.

OECD probes steel dumping claim

BY ROBERT MAUTHNER

U.S. DEMANDS that the EEC and Japan should take steps to prevent their steel industries from dumping on the U.S. market are expected to dominate the discussions of the OECD's steel crisis committee, which began a two-day meeting here today.

Under the pressure of an increasingly powerful steel lobby in both Houses of Congress, the U.S. delegation here is arguing in favour of measures on the prices front, rather than voluntary export restraint agreements.

The latest statistics presented by the OECD Secretariat to the committee, however, give a less bleak picture of the situation, though they confirm a sharp rise in Common Market steel export to the U.S. from 1.35m. tonnes in the first six months of 1977 to 1.96m. tonnes during the first half of the current year.

Japan exports up as imports fall Overseas car sales decline

TOKYO, Sept. 29.

EXPORT CONTRACTS at Japan's 14 major trading houses for August totalled 1,063.3bn. Yen up 35 per cent, from 787.5bn. Yen in July and 40.4 per cent higher than the 757.1bn. Yen in August 1976.

Exports amounted to 59.5 per cent of the total contracts of export in the month, and Japan's trade surplus trend on customs clearance basis is expected to continue for a little while, the Foreign Trade Council estimates.

VEHICLE exports by Japan in August fell 11.7 per cent to 333,751 vehicles from a record 375,040 in July, but rose 14.5 per cent from 291,555 in August last year.

EC request on Scotch sales

BRUSSELS, Sept. 29.

European Economic Commission, under protest, has rejected Scotch whisky maker J & S's request to change practices which, it claims, restrict official competition with EEC countries.

The Commission would not officially disclose what its competition experts found objectionable, but sources said the companies concerned are allegedly prohibiting British retailers from exporting to other EEC countries whisky they obtained from the group.

White an official deadline for the reply to the Commission's complaints has not been set, Commission officials said it would be normal practice to wait two months before further action is taken.

U.S. leads in August boom

FINANCIAL TIMES REPORTER

UNITED STATES, the market for Scotch whisky, dominated the role in the boom of Scotch exports, a threat of a longshore strike in October.

August shipments brought the year's running total to 20,037,000 gallons worth 295.5m. Bottled blends showed the best advances, a most encouraging sign for the U.S. economy as a whole.

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Port finance conference

MARGARET HUGHES

CONFEDERATION of Overseas Insurance Association, Mr. C. Overton, managing director of British Overseas Engineering and Credit, Mr. R. A. Pilcher, managing director of Credit Factors International, Mr. R. C. Proctor, deputy manager of the customer services section of Lloyds Bank and Mr. D. Smith, under-secretary of the comprehensive guarantees group of ECGD.

Oseroft, local director of Credit Insurance Association, Mr. C. Overton, managing director of British Overseas Engineering and Credit, Mr. R. A. Pilcher, managing director of Credit Factors International, Mr. R. C. Proctor, deputy manager of the customer services section of Lloyds Bank and Mr. D. Smith, under-secretary of the comprehensive guarantees group of ECGD.

On the controversy of shipping bulk malt whiskies, total shipments of Scotch to the Argentine in the period rose 48 per cent to 977,748 gallons and 20.85 per cent to 22.2m. But that total included 463,621 gallons of malt whisky shipped in bulk for local mixing and worth 22.1m.

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HOME NEWS

Oil platform deal for ailing yard

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH STEEL CORPORATION has won a major slice of a £70m. North Sea oil platform which will revive its ailing Redpath Dorman Long yard in Scotland. RDL's platform fabrication yard at Methil, Fife, is to recruit 550 assembly workers...

Mixed feelings on No. 10 talks

BY GILES MERRITT

THE DOWNING STREET summit meeting on Ulster's future between Mr. Jack Lynch, the Irish Prime Minister, and Mr. Callaghan yesterday produced mixed reactions from the Provisional IRA's political leaders.

The mainly Catholic Social Democratic and Labour Party said that it may once more take part in fresh power-sharing talks, but Unionist reactions were discouraging.

Although the British Government is sceptical of the chances of bringing about agreement on administrative devolution after its unsuccessful efforts earlier this year, it is understood to have accepted Mr. Lynch's insistence that political divisions in Ulster have been hardening in the absence of a new initiative.

But the Rev. Ian Paisley, leader of the Democratic Unionist Party, said yesterday that he will oppose any new moves toward a power-sharing settlement.

Mr. Gerry Fitt, leader of the SDLP, greeted the results of the London summit more positively. In spite of the SDLP's recent policy change, downgrading Ulster power-sharing as an objective in favour of an "agreed Ireland" involving Dublin, he said he would envisage taking part in inter-party talks, provided the administrative evolution system under negotiation involved an elected body with sufficient executive powers.

But Mr. Fitt was not entirely happy with the results of the Callaghan-Lynch meeting.

COMMONS PUBLIC ACCOUNTS COMMITTEE

Job Centres 'fail needy'

BY RUPERT CORNWELL

JOB CENTRES and the State-backed executive recruitment services, set up four years ago to replace the old-style employment exchanges, were strongly criticised yesterday on the grounds that they failed to help those most in need.

The attack came from the influential Commons Public Accounts Committee, which serves as Parliament's "watch-dog" on government spending, and headed by Mr. Edward du Cann.

Introducing the report yesterday, he set out once again his deep rooted belief that Parliament had completely abdicated its historic role of monitoring and controlling public spending.

The main complaint of the latest report is that the new employment services, which cost about £400m a year to administer, were doing little to ease the plight of semi-skilled and unskilled workers who really needed assistance.

"This is a perfect example of people doing things for all the right reasons... but is it the right thing?" asked Mr. du Cann, of Job Centres, often expensively declaring himself sceptical about the whole exercise.

The report, which bases its findings on evidence from the Manpower Services Commission, acknowledges that Job Centres have led to an increase in usage of 25 per cent by the public and 20 per cent by employers.

In addition, the number of notified vacancies had climbed by up to 30 per cent.

Placings in jobs had advanced by between 30 and 40 per cent, but the committee emphasises, the real improvements, of 35 and 25 per cent, respectively, were for clerical and skilled manual appointments. Placings of semi-skilled and unskilled workers, on the other hand, had hardly risen at all.

The committee also caustically records its "surprise and disappointment" that the commission should consider discontinuing its Employment Transfer Scheme to provide financial aid to encourage workers to move to jobs with pay of less than £4,500 a year in other areas.

A survey in 1973 concluded that a high proportion of people helped under the scheme would have moved without it, and about a fifth who received aid failed to move back where they had come, the committee added.

In so far as the scheme has helped those who did not really need such assistance, its cost-effectiveness must be open to question.

The report also contains a warning new evidence on the spiralling cost of the Liverpool Teaching Hospital—including the belated discovery after the building had been completed that a further £11m. needed to be spent to make it safe for occupation.

From an initial £11.8m. in 1968, the estimated completion cost had soared to £24.2m. by September, 1976. The committee



Edward du Cann declared sceptical about the whole exercise.

NEWS ANALYSIS—TIN MINING

Rare investment opportunity

BY PAUL CHEESRIGHT

BRITISH INVESTORS to-day have the chance to buy shares in the biggest and deepest tin mine in the country. Saint Piran is selling 38 per cent of South Crofty at Redruth.

This is the first event of its kind for 80 years. Not since Gevor tin was launched has there been a share offer of such size in the local mining industry.

Saint Piran is offering for sale 5.25m. shares with a par value of 10p at a price of 50p. The sale should realise £2.625m.

The whole of South Crofty's listed capital will be quoted on the Stock Exchange, thus allowing dealings in it for the first time in 10 years.

The timing of the sale is an indication of the vigour of a traditional industry. Although tin has been mined in Cornwall since Phoenician times, the industry reached a peak in the middle of the 19th century when the U.K. was largely self-sufficient in minerals.

Over the last 20 years, the Cornish tin industry has started to climb out of a period of doldrums which lasted for 90 years.

Production has been building a tonne, but market levels have been over 25,000 consistently since the middle of July.

The "pick" is ripe for the share market, and, especially in the light of the general buoyancy of the market, the attraction for investors is obvious.

Most investment in tin companies, as a hedge against inflation, has been exposed to the payment of the investment dollar premium.

The sale of the shares does not diminish Saint Piran's interest in local mining. It is intending to use the £2.625m. it will receive for expansion and acquisitions.

While it may be drawn to some extent to the building industry where it has a 79.9 per cent stake in Milbury, it also has two Cornish mining prospects, as a hedge against inflation.

The first is at Castle-an-Dinas, an old wolfram mine, which might be reopened if the results of an exploratory drilling programme prove satisfactory.

The second is an unnamed mineral deposit somewhere in the west.

Exploration is, in any event, essential to the Crofty tin project. The mine's deep reserves are not yet fully articulated in the mine's estimates of new reserves.

Three further areas have opened up development opportunities and in one of them the average width of the tin lodes is 10 times the average lode width.

width of the mine's existing workings. Mackay and Schumann, the geologists, said the history, geology and mineralisation of South Crofty, and its nearby mine Fenarves, justify a projection of a working life of at least ten years and probably longer.

If the future tin South Crofty looks bright, as it is painted, then it is a legitimate question to ask why mining exploration activity in Cornwall, and indeed the rest of the country, is not more extensive.

Part of the reason is that such mineral deposits are known to exist, have not proved either rich enough or large enough to permit the sort of large-scale operation which is attractive to the large companies of the industry.

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Skytrain to get 14 weekly flights

BY JOHN LLOYD, INDUSTRIAL STAFF

LAKER AIRWAYS has received permission to operate two Skytrain services a day from London-New York from next April. The Civil Aviation Authority announced yesterday that it would increase the proposed number of flights from 11 to 14.

However, there will be a slight reduction in the proposed number of seats. Laker had previously applied for permission to use DC10s for all 11 flights. The new application is for seven DC10s and seven Boeing 707s. The seating is reduced from a proposed 3,795 a week to 3,735.

The DC10s now in service have a seating capacity of 345. The Boeing 707 can seat 158. The authority said that its permission for 14 flights a week meant that "the original concept of Skytrain as a low-cost, short-notice booking service involving high average seat factors with no guarantee of passengers getting a seat should be preserved."

The six airlines who are allowed to offer budget seats—British Airways, Pan Am, Trans World, El Al, Air India and Iran Air—are expected to offer 6,000 low cost seats a week by next summer.

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Andrew Cowan Colin Malkin Mike Broad

on their success in winning the Singapore Airlines London to Sydney Rally 1977



THE RANK ORGANISATION

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Subject to official confirmation.

Fairey tries new plan to save troubled Belgian subsidiary

BY DAVID BUCHAN

THE ATTEMPT by Fairey, the U.K. aviation group, to avoid the bankruptcy of its Belgian subsidiary at Gosseries enters a new stage to-morrow when a local commercial tribunal is due to consider a request by the local company, Fairey SA, to take it into court-controlled management—a step short of bankruptcy.

On the outcome hangs the proposed sale by the financially-troubled Fairey group of its civil aviation section to Short Brothers of Belfast for a reported £15m. to £16m.

A large part of the intended sale concerns the Gosseries operation making Islander and Trilander aircraft and employing about 600 people. If the sale goes through, these aircraft will be made in Northern Ireland by Short.

Earlier this week the Belgian Government flatly turned down Fairey's suggestions that it should bail out the Belgian subsidiary. Belgian officials say Fairey wanted B.Frs.700m. (about £11m.) to cover immediate costs and local debts—believed to be just as large—and thereby avoid bankruptcy proceedings. Bankruptcy might well prevent any of the civil aviation assets of Gosseries—30 to 40 unsold aircraft plus production jigs and tools—from leaving Belgium and going to Short Brothers until all Belgian credit claims were met.

Fairey group officials in London said to-day "there is no possibility in the foreseeable future" of producing islanders in Belgium because of soaring production costs. But they said that if the sale to Short Brothers went through, "a large chunk of the proceeds will come back to Belgium." The Belgian Government clearly has its doubts about that.

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Fabians urge 20% devaluation

BY MICHAEL BLANDEN

AN EFFECTIVE devaluation of the pound should be allowed to appreciate on the strength of the North Sea oil revenue to help hold down the cost of living in the U.K.

The authors are critical of the policy being followed by the Government and the Bank of England of holding the pound stable in the face of the recent strong overseas demand.

The pamphlet has been written by Mr. Bryan Gould, Labour MP for Southampton West, Mr. John Mills, an economist and deputy leader of Camden Council, and Mr. Shaun Stewart, previously with the Board of Trade.

The authors maintained that the pound should have been worth about \$1.50 in July this year, and should fall by about 1 per cent a month thereafter.

The Bank of England, they say, must be held to let the rate of interest fall to 10 per cent.

At the same time, support for the official policy of holding the exchange rate down has come from stockbrokers, de Zoete and Beyer.

In their latest economic survey, they comment that a convincing argument in favour of this stance may be found in the fact that "the level of official reserves still falls short of the level of outstanding overseas borrowings."

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Private health insurance growing

AFTER 18 months of the registrations, private health insurance was once again, Mr. Derek Damerell, executive of BUPA, said today.

The improvement already portended by some of the private health insurance was confirmed by BUPA, with a 75 per cent share in market, is the largest such company.

Over the first eight months this year there had been a loss of 8,000 subscribers, a net loss of 15,000 in corresponding period last year. But in the past two months 10,000 families had been added to the existing 713,000 members.

Study grants. Up to 180 Upandan ref were to be granted about a year to attend British courses, under the scheme to be run by the University Service with the Ministry of Overseas Development.

Don't be late. Another warning that pensioners are leaving it very late to obtain certificates to go out of the State pension is given yesterday by Mrs. Elizabeth of the Civil Pensions Information Centre, which showed that over 200,000 pensioners were expected to go out of the new State scheme in the next three months.

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'Energy gap unlikely' before year 2000

BY IAN BREACH IN WHITEHAVEN

EVEN WITHOUT any further development of nuclear power, were to build a major reprocessing plant of the type proposed by British Nuclear Fuels there is no self-evident energy gap likely to arise in Britain before the end of the century.

Prof. Odell, a lecturer in nuclear expansion plans, given still strong local opposition to such reprocessing units.

The authors maintained that the pound should have been worth about \$1.50 in July this year, and should fall by about 1 per cent a month thereafter.

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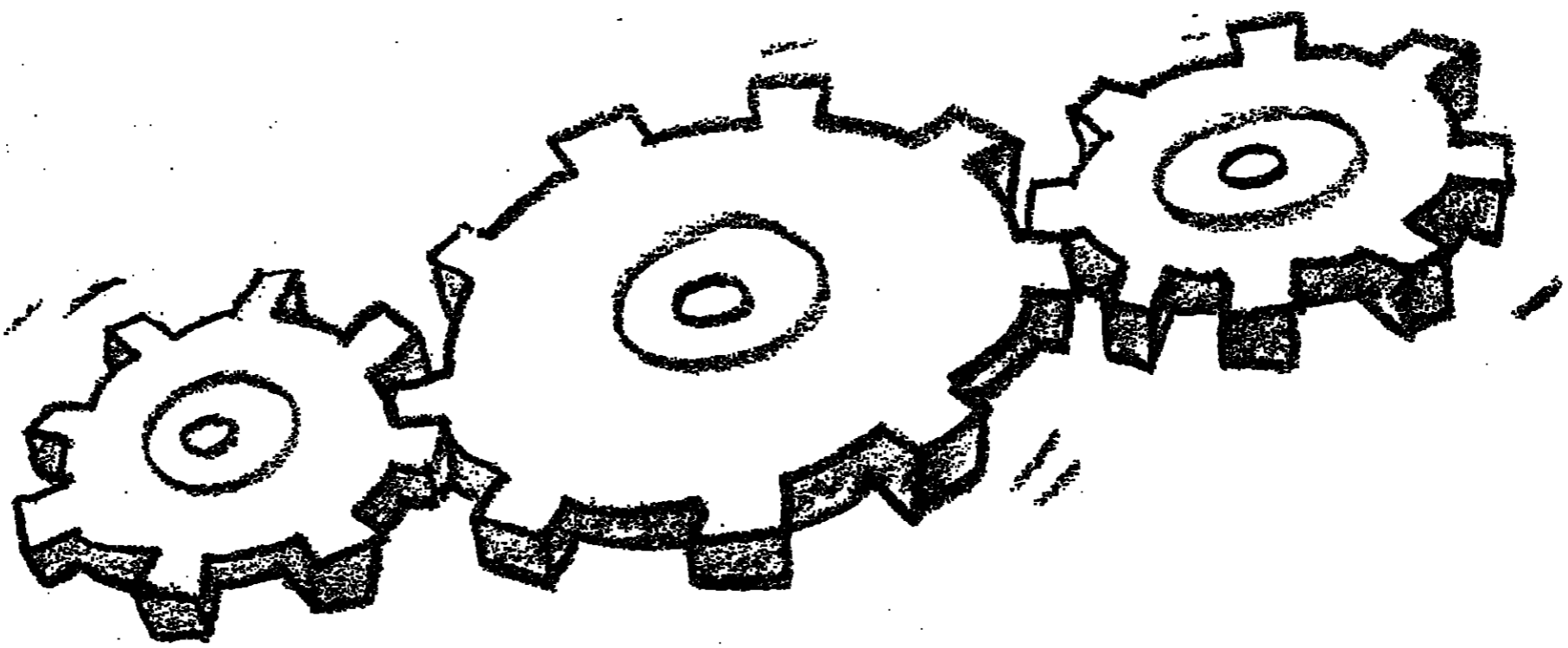
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HOME NEWS

Brewers attack beer price findings

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BREWERS have hit back at the Price Commission's report on beer prices, saying its criticisms "have every sign of having been formulated without adequate analysis and on an insufficient, and sometimes selective, factual basis."

Call for body to license personal data companies

BY JOHN LLOYD, INDUSTRIAL STAFF

A STATUTORY authority independent of government should be established to grant licences to all organisations which collect and store personal data.

New Lord Mayor named

AIR COMMODORE Peter Vaneek, 55, a stockbroker, was yesterday elected the new Lord Mayor of London.

LABOUR NEWS

Shipyard workers angered by official delay on pay

BY ALAN PIKE, LABOUR CORRESPONDENT

SENIOR UNION leaders are being urged to complain to the Government about the delay in wage negotiations which is holding up pay talks at Govan Shipbuilders.

Pay dispute at sugar-beet plant threatens bumper crop

BY PAULINE CLARK, LABOUR STAFF

FIVE SUGAR-BEET factories negotiating committee talks to be held next Friday. The 1,000 workers will make it impossible for their factories to be able to open for the 1977 bumper crop next Monday.

Leyland bus strikers accept 10% offer

BY OUR LABOUR CORRESPONDENT

ONE PROBLEM facing British Leyland was resolved yesterday given when strikers who have halted production at its Lagashire bus and truck factories for almost a fortnight agreed to return to work.

Public sector unions urge £2bn. boost

BY DAVID CHURCHILL, LABOUR STAFF

A £2bn immediate boost for public services demanded yesterday by 10 public-sector trade unions representing a third of the TUC's total membership.

Decision on airport may be postponed

By Rhys David

MANCHESTER'S AIRPORT committee is expected to decide today whether to go ahead with controversial plans to build a new runway until the Government's White Paper on regional airport policy is published later this year.

One-day strike at ASTMS

Mr. Clive Jenkins'...

About 7,000 leave mines on early retirement

By Kevin Done

MORE THAN 8,000 men left the coal industry last month, bringing the pit workforce down to 230,000. About 7,000 miners left under the National Coal Board's early retirement scheme, which came into force in August.

Weather

The total U.K. energy consumption during the three months May to July was 4.7 per cent higher than a year earlier.

GLC planning to sell off more homes

By Michael Caswell

ABOUT 14,000 Greater London Council tenants have applied to buy their homes and the number is expected to double as a result of policy decisions announced yesterday.

Law reforms urged to help small companies

BY A. H. HERMANN, LEGAL CORRESPONDENT

SMALL COMPANIES and litigants of modest means will benefit if the reforms made by Justice, the British section of the International Commission of Jurists, are adopted.

places companies in the same position in which individuals are when appearing in person in court as litigants unrepresented by solicitor or counsel.

U.K. move to protect Shell and BP in U.S. probe

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE DEPARTMENT of Trade has intervened in anti-trust investigations by the U.S. Department of Justice in order to protect the confidentiality of Shell and British Petroleum's international oil operations.

New plant for Union Carbide

By Rhys David, Northern Correspondent

UNION CARBIDE, the U.S. chemical and industrial materials group, yesterday opened a £2m. plant to manufacture components for the electronics industry at Newton Aycliffe, Co. Durham.

Hauliers may defy EEC law

BY IAN HARGREAVES

BRITISH TRANSPORT operators will become wholesale breakers of the law unless a sensible compromise package on EEC commercial vehicle drivers' hours can be agreed next month.

Record £8,300 bottle of wine

BY ANTONY THORNCROFT

A BOTTLE of Chateau Lafite 1806 was sold at Christie's yesterday for £8,300, a record auction price for a single bottle of wine.

Teachers face spending-cut jobs threat

HUNDREDS of teacher ancillary workers at Northamptonshire will be sent to the unemployment line if the county council's plan to slash spending by more than 10 per cent is approved.

Labour will reconsider

THE LABOUR PARTY's executive will today face the decision to refuse a £100 million loan from the World Bank to the National Union of Public Employees.

Mass picketing may resume

MASS PICKETING will be resumed at Grunwick in less than three weeks unless unions promise to evict suppliers and services to the North London film processing factory.

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Some Swedes are more equal than others

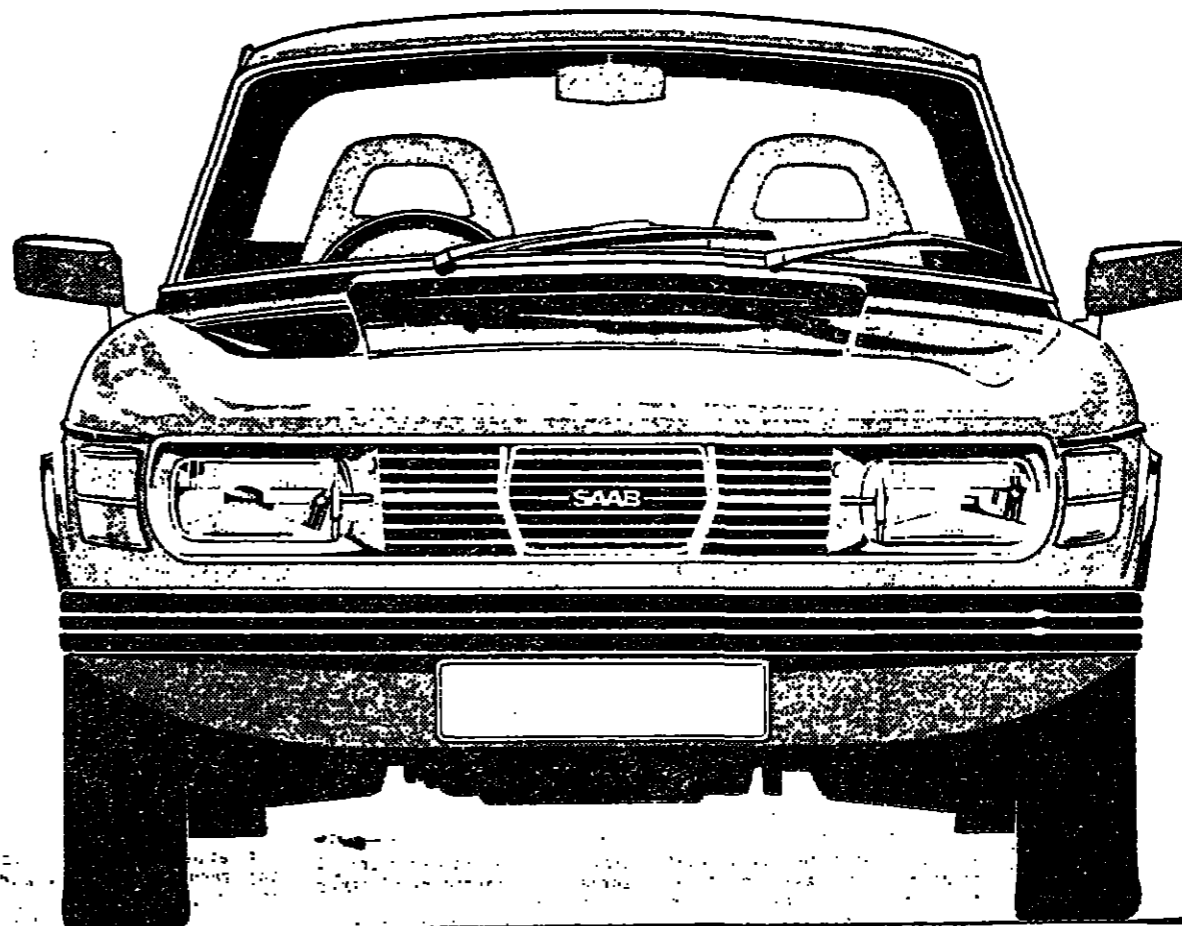
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98 mph	Max speed
14.6 secs	Acceleration 0-60mph
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The Property Market

BY JOHN BRENNAN

Fleet Street exodus?

There could be acres of empty space in Fleet Street if the Daily Express moved its printing operations out of London. And Mr. Victor Matthews, deputy chairman and chief executive of Trafalgar House and Beaverbrook Newspapers chief, yesterday confirmed that "yes, we could pull out of London, it is very definitely an option."

So far, moving is no more than an option. And Mr. Matthews classes it alongside the decision to keep options open by not going ahead with the letting of part of Beaverbrook's Althen House block. "I felt we ought to hold on... we may need some of that space," he says. "We are," he says, "keeping the door open. We want to see how this situation develops."

Having lost a week's production in London and managed to keep the Beaverbrook presses rolling in Manchester, the possibility of a move from the Capital has been on the lips of many in the newspaper industry. At the time of its takeover Beaverbrook was already committed to completing the integration of Evening Standard staff into Fleet Street from buildings on Shoe Lane. But then the future of the Standard itself falls within the scope of Mr. Matthews' "options."

Thoughts that Trafalgar had more of an eye for Beaverbrook's £22m. In South Africa, however, the property industry is putting up a two-pronged rearguard action.

October's edition of the FT's World Accounting Report gives a blow by blow account of the property v. accountants battle in South Africa. The points at issue are virtually identical with the conflict in this country.

The accountants' draft report is based on the assumption that buildings are depreciable assets. The property companies' counter argument focuses on the idea that buildings depreciate, but the value of the land on which they stand appreciates.

The accountants say that land and buildings can be separated for depreciation purposes. The companies say that they cannot.

And to break the impasse the

sales have been brought together in the announcement. The 424 bedroom London International Hotel, bought by Grand Metropolitan "is not quite the kind of hotel we want to keep," says Mr. Matthews, who has no plans to sell the Ritz, the Bristol or the Cunard International. A total of 585,000 square feet of industrial and warehouse space have gone to an investment fund, the group's bank premises at 47 Berkeley Square and its South Lodge block in Knightsbridge have all been sold, bringing in a total of £22m.

South Africans defy accountants

South Africa and Britain are the only two property markets to defy international accounting standards on depreciation. Britain's property companies have long argued their case to dissuade the accountants from insisting on depreciation charges for buildings and now face the prospect of heavily qualified accounts from the beginning of 1978. In South Africa, however, the property industry is putting up a two-pronged rearguard action.

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companies argue that building cost inflation counters any nominal depreciation of buildings in replacement cost terms; that depreciation is in any case fully covered by repair and maintenance charges; and that any terms for depreciation must be entirely subjective.

In the final analysis, the South African property companies' arguments come close to the straightforward rejection of accountants' views common in the British market. As a non-cash expense depreciation would play havoc with the companies' apparent attributable profits, while at the same time forcing them to build up cash surpluses that may not be distributable to shareholders. As a property executive interviewed by World Accounting comments, "The accountants can go to hell and qualify our accounts if they want. My company is run for the benefit of shareholders, not the Society of Accountants."

Sounds familiar?

Inter-European is no newcomer to on-off deals. Its profitable Classic Cinemas chain was sold to Price Freezer in 1973, but the deal fell through.

The group's Town Markets' business was sold in 1974. But the purchaser failed, and IPH had to write-off £972,000. And in the past eighteen months Mr. Marsh has periodically confirmed and denied rumours of negotiations that might have led to a takeover for the group as a whole, possibly with Alcega, which rents IPH's chain of bingo halls.

France could be fourth time lucky for Mr. Marsh. But with the shares at 26p against a year's "high" of 46p, the market seems to have its doubts.

IPH's French connection

The saga of Inter-European Property Holdings grows ever more curious.

At the beginning of 1976 Mr. Laurie Marsh, Inter-European's chairman, announced that the group has bought out Tozer Kamsley Millbourne's 25 per cent stake in a number of its key French properties. A year later Mr. Marsh was able to announce the sale of a substantial part of the French portfolio to a consortium of European banks led by a private French merchant banking house. The £15m. deal was to show Inter-European a £2.5m. profit and eliminate its French borrowings.

By June this year Mr. Marsh, writing in his chairman's state-

ment accompanying accounts for the year to the end of July, 1976, said "the sales of 1-6 Rue Marie Nikis and two of our three warehouse developments, for which terms have been agreed and contracts are being prepared for exchange shortly, will result in gross proceeds of Frs 126.73m (just over £15m)."

The following month, in July, the group announced that "in order to enable administrative formalities to be completed and to allow for the French holiday period, IPH has granted an extension on amended terms... to the French banking group." The revised date was September 25, 1977.

This week IPH announced a further extension: "at the request of the purchasers, a further extension has been granted expiring on October 24, with completion scheduled for October 26, which is in line with the original completion date."

Mr. Marsh is with his colleague Mr. Margolis in the United States, Mr. Kornis, the director responsible for France, is understandably, in France. But Mr. John Corre, a non-executive director, was able to say that "the banks wouldn't have asked for an extension if they were not serious... we are confident they will go ahead."

servicing North Sea oil and gas platforms. But logic rarely translates directly into cash, and the appointment of a provisional liquidator to one... hopeful developer in the area, Site Preparations, has thrown a 250 acre development site onto the market.

United Dominion Trust, one of Site Preparation's creditors, has foreclosed on the land and handed it over for marketing to Knight, Frank and Rutley. The agents admit that planning consents for the land are "very vague." But the site, overlooking the harbour, has been zoned for industrial, housing, hotel and office use and is expected to fetch at least £1m. Peterhead lies within the Scottish Development Area, and apart from an oil and gas related work, retains a thriving fishing industry, a number of engineering works and one of the ugliest prisons in the country.

Rents are rising, rates are rocketing, service costs soar, but what of office cleaning costs? You guessed it, they are up by an average of 162 per cent since 1970. A survey of office cleaning costs produced by the Building Maintenance Cost Information Service show that cleaning now accounts for around 15 per cent of total occupancy costs. The BMCIS is now producing a quarterly Cleaning Cost Index which shows that costs have risen by 5 per cent more than the retail price index since 1970, by 102 per cent against 157 per cent.

Warehouse and industrial units of up to 227,000 square feet are available at around 45p a square foot in one of the country's more unusual industrial sites, Yeading Airport Depot near Leeds. Local agents Dacre, Son and Hartley have sections of Europe's largest buildings under one roof on the market, the 14m. square feet Lancaster bomber factory that used to serve what is now the Leeds/Bradford Airport. Built in 1939 the single-storey building was not only ramfouled, but also had a herd of dummy animals for its roof. Rutley, commissioned to find a suitable site have now set the from time to time to keep German reconnaissance aircraft footed. The building was acquired by York and District

investing company in 1969, and well into the next century. The Weatherall Green and Sm... asking £16.25 a square... years from the drawing board to... completion.

The mysterious sponsor of the scheme for a new Mosque in Kensington and Chelsea... out to be a British... based of the former Legal and General headquarters, Temple Court, near the Bank of England, and... are paying £12.70 a square foot... for their 59,500 offices. Now... the remaining section of Temple Court is coming... on to the market and should... help to test the revised cent... pounds? Knight Frank and... Rutley, commissioned to find a... suitable site have now set the... from time to time to keep German... reconnaissance aircraft footed. The building was acquired by York and District

Since Hugh Lupus, first Norman Earl of Chester and chief huntsman Le Gros Veneur - to his uncle, William the Conqueror, bounded out the scene, the Grosvenors have been one of the country's leading families. Having gained distinction in the Crusades, at the Battle of Crecy and the Siege of Calais, the family acquired rather more substantial assets with the marriage 300 years ago of Sir Thomas Grosvenor to the 12-year-old Mary Davies. Ma Davies inherited the Manor of Ebury, a marsh and meadow that became the Grosvenor's Mayfair and Belgravia estates. Rather than celebrating their ancestors' efforts with the broadsword, the Grosvenors are more



provincially celebrating that 600th marriage with an exhibition at the office in Davies Street, W1, running October 14. Spreading down the West End estates, the family's name now rank as some of the largest and well-known private property developers in the country. Worldwide and conservatively valued around £100m, mark Shopping centres in Chester, St Northampton, Lewisham and Staines, its most major redevelopment schemes in the southern edge of Oxford Street, and an international development programme, including the 247-room Reef Hotel on Maui, Hawaii, shown

Investment company in 1969, and well into the next century. The Weatherall Green and Sm... asking £16.25 a square... years from the drawing board to... completion.

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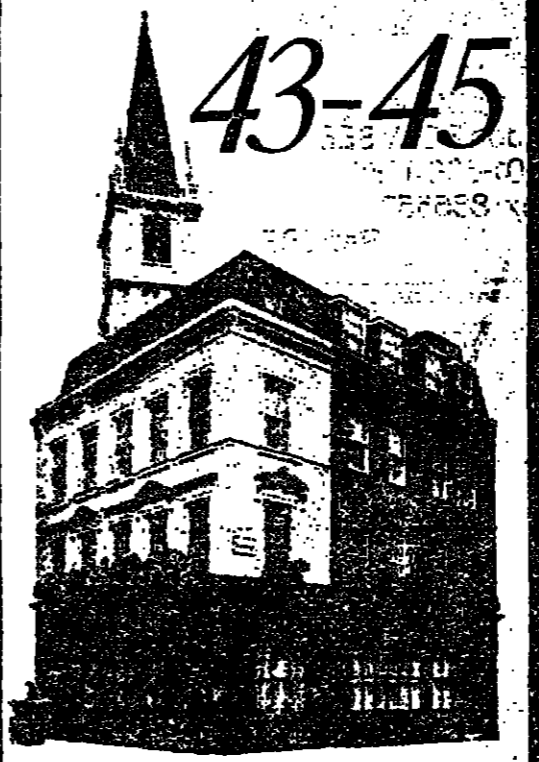
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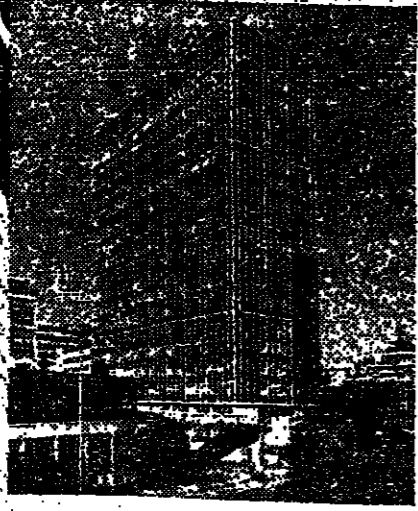
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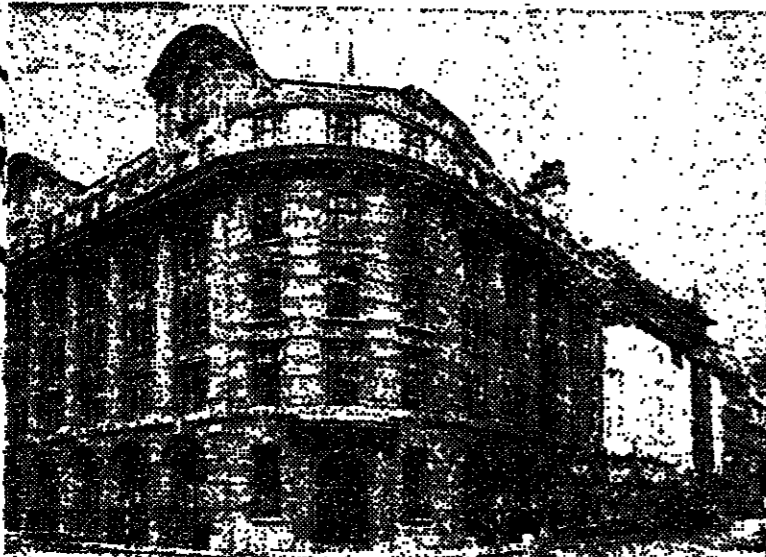
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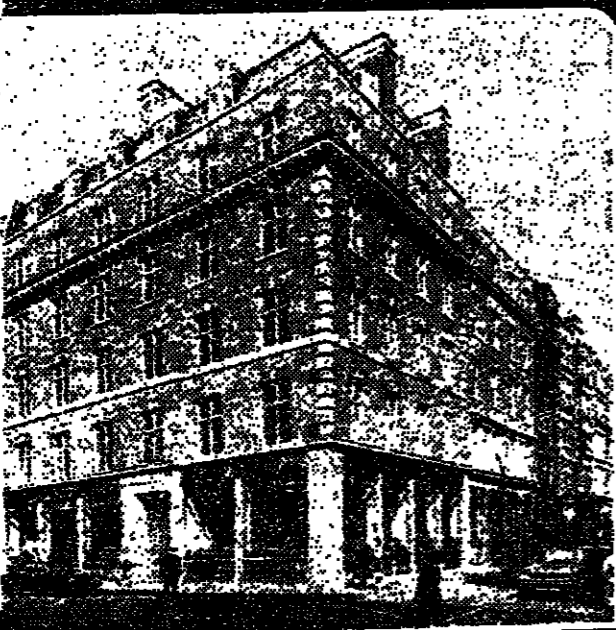
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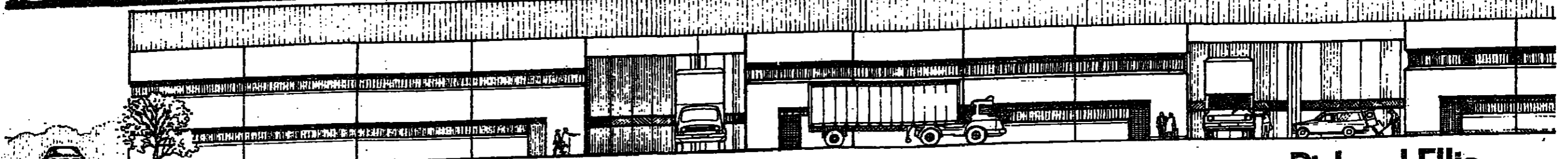
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THE LIBERALS AT BRIGHTON

Party nearer to low income tax policy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

LIBERAL PROPOSALS on taxation, including big reductions in income tax and a shift towards taxes on expenditure and wealth...

Mr. John Pardoe, Liberal economic spokesman, made it clear that he sees this as a move towards the party eventually adopting its cherished policy of abolishing income tax altogether.

Most of the criticism was reserved for the proposal that the employer's National Insurance contribution should be replaced by a payroll tax...

Mr. Pardoe conceded that there were many differing views within the party eventually adopted its cherished policy of abolishing income tax altogether.

Call to limit southern Africa funds

BY JOHN HUNT

THE ASSEMBLY overwhelmingly approved a Young Liberal motion calling for Government action to limit investment in southern Africa...

Mr. Pincham, Parliamentary candidate for Leominster, to substitute an amendment which called for increased aid to Mozambique and strict enforcement of sanctions against Rhodesia.

Another amendment from Mr. Pincham was passed by a large majority. This called for elections by proportional representation in Rhodesia...

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Coalition terms clarified

By Richard Evans, Lobby Editor

THE TERMS under which the Liberals will be prepared to enter a formal coalition with one of the major parties after the next general election were clarified yesterday by Mr. David Steel.

The Liberal leader told party candidates attending the annual assembly that a coalition would be feasible only if the party won at least 30 or 40 seats...

Mr. Steel had puzzled many delegates during his conference speech on Tuesday with a reference to how much more could be achieved by a larger grouping of Liberals inside the next Government.

His clarification means that Mr. Steel will intensify his efforts to persuade the electorate that a substantially greater Liberal representation is needed at Westminster to ensure a balance of power...

He called on the candidates and all party activists to be more self-confident in appealing to the electorate for support, and pledged that the leadership would heed demands made at the assembly for the party to seek greater benefit from the pact.

Tentative contacts were being made between Mr. Steel's staff and 10 Downing Street to already moving into the headquarters hotel in Brighton...

Mr. Steel is anxious for the meeting to take place before the Liberal Assembly ends tomorrow so that he can tell delegates that the pressure is already being put on the Government to fulfil its part of the agreement.

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Support for Grunwick strikers but Closed shop out of favour

BY IVOR OWEN, PARLIAMENTARY STAFF

DELEGATES RANGED themselves firmly behind the Grunwick strikers. An emergency debate ended with an overwhelming majority for a motion...

Mr. Senior maintained that some of those who had initiated the Grunwick strike had deliberately engineered a dispute, even to the extent of arranging other jobs for themselves in advance of it taking place.

Trade unions have considerable power which we, as Liberals, would not dispute. But trade unions should not have the right to take away from management the ability to sack troublemakers.

There was more applause when he was commended as "an anti-trade unionist" Mr. I. Senior, prospective candidate for Hemel Hempstead, who had earlier defended the right of management to sack troublemakers.

A handful of delegates who voted against the Grunwick motion were subjected to hissing and angry comments from many Young Liberals.

Mr. Dancer, assistant general secretary of the Association of Liberal Trade Unionists, urged the assembly to take account of the fact that many trade unionists were disenchanted with the Labour Party and were ready to accept a new lead.

interlocking bloodbath that made last year's Blackpool conference one of the most vicious and divisive ever.

Mr. Callaghan will lead the Government's whole economic battle to ensure that Labour does not enter the election with policies that are too extreme for the mass electorate.

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Ability

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Menace

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Meanwhile, back at headquarters

BY RICHARD EVANS, LOBBY EDITOR

BECAUSE OF the awkward overlapping of the two party conferences, Labour leaders were already moving into the headquarters hotel in Brighton...

Mr. Steel is anxious for the meeting to take place before the Liberal Assembly ends tomorrow so that he can tell delegates that the pressure is already being put on the Government to fulfil its part of the agreement.

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Mrs. Thatcher tops the poll

BY PHILIP RAWSTORNE

MRS. MARGARET Thatcher topped the poll in Brighton yesterday—whatever electoral system was used.

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ENTERTAINMENT GUIDE

Table listing various theatres and their programmes, including Opera & Ballet, Theatres, and Cinemas.

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Friday September 30 1977

Benefits at a price

THE DEPARTMENTS of Employment and Health and Social Security are to be congratulated on the extremely small proportion of social security benefits paid out to claimants subsequently discovered to be frauds, or paid in error by officials, or paid in excess because of honest mistakes by those making the claim. In the financial year 1975-76 the grand total of all these overpayments, according to the Ninth Report of the Committee of Public Accounts, published yesterday, was some £10.8m. This is a mere 0.12 per cent of total expenditure on benefits.

The number of cases in which overpayments were found was 735,852, which means an average error per case of £14.67. Considering the enormous size and complexity of the social security system this is an insignificant level of error. The amount attributed to fraud or suspected fraud by claimants (£2.6m, spread over 30,661 cases) undoubtedly underestimates the true amount of fraud. But, on a purely financial assessment, the figures also take no account of probable but unrecorded underpayments. The committee is right to insist on further efforts to reduce both fraud and inefficiency, and public opinion will be behind it in this matter—but the fact remains that the £10.8m. overpayment is a very small problem in accounting or economic terms.

Real problem

Unfortunately it tends to obscure the real problem, which is the growing total size of the social security system. Whenever this is alluded to the response is that it cannot be helped: if the numbers of unemployed grow, unemployment benefits must also increase; if the size of the retired population increases, more must be spent on pensions. Yet the cost of social security, at 1975 prices, is £10bn. a year, compared with some £7bn. (on the same price assumption) at the beginning of the decade.

On present plans the overall cost should now level off in real terms, but the questions the administrators of social security need to face are, first, whether

this levelling-off can be achieved and, second, whether there is a means by which some of the growth of the past ten years can be identified as inessential. The first question remains pertinent because there is one stream of public opinion that is constantly pressing the Government to increase the relative incomes of recipients of benefits. The second question is of perhaps greater importance because there is another, stronger, stream of public opinion that presses for a more restrictive system of social security altogether.

There is fairly widespread agreement on some of the basic aspects of the necessary diagnosis. The supplementary benefits system, currently under review by a committee of officials, is too complicated; the very complexity leads to error, and fraud, and, more seriously, confusion about who has a right to which payments. Again, the overlap between the lowest level at which income tax is collected and the highest level at which benefit is paid may well be a disincentive to work for some people. The best relationship between an insurance-financed system (for, say, pensions) and a tax-financed system may be different from the one that we have.

Subsistence

What is required, however, is not further diagnosis, but hard thinking about cures, or, alternatively, the political courage necessary to admit that there is no cure. For example, 1945 notions of the minimum income necessary for bare subsistence projected into the supplementary benefits system of today would result in payments to each beneficiary of something like half the present amounts.

The reason is that since 1945 established opinion has accepted that the general increase in the standard of living should be enjoyed by the poorest section of the community along with the rest; consequently benefits payments have at least kept in step with average earnings and in recent years looked like moving ahead. If this belief in the proper rate of benefit at any particular time is maintained, the overall cost will increase whatever tinkering is done to the system. It is on this kind of question that the public debate would best be focused.

Some success for Andreotti

SIMILAR policy measures seem to produce similar results in countries with very different political, economic and social structures. In Italy in the middle of last year the lira was under very strong downward pressure, inflation was soaring and draconian exchange controls were imposed to try to stem the outflow of funds from the country. Partly as a result of IMF prodding, the Government of Sig. Andreotti, which came into office in September 1976, acted to curb public spending, stabilise the public sector deficit and control monetary growth.

It is hardly surprising that the current balance of payments has improved, that the lira has been stable in a band of 850 to 900 against the dollar and the rate of inflation has fallen. Nor is it surprising that a price has been exacted in terms of a reduced growth rate and an increase in the amount of unemployment.

Italy lacks the equivalent of North Sea oil and has had a question mark hanging over her political regime for as long as anyone can remember. These special features have affected the magnitude of the changes, but not their direction. The lira is not as strong as the pound and the inflation rate is probably—although not certainly—higher than it is in the U.K. Judging by the statistics, the slowdown in production could have been less; but the existence of a large secondary sector, less closely controlled and monitored, distorts the comparisons in more than one direction.

Confidence

Although the Government in asking for a modest relaxation of IMF guidelines, there is no question of a drastic change of course. One reason why confidence is holding up is that the Communists, on whose passive support Sig. Andreotti depends, are strongly committed to monetary orthodoxy. Neither the new type of Eurocommunism nor the old style hardline Marxism has ever supposed that a capitalist or mixed economy could spend its way out of

trouble. Nor for the moment do the Communists envisage more State intervention or nationalisation than mainstream Christian Democrats. Indeed, their public posture is that State intervention and investment should be guided by considerations of profitability rather than by the political and personal pressures which have at times been all too important in Italy. None of this proves anything about ultimate Communist intentions; but nothing has happened to change people's guesses about these one way or the other.

On more immediate questions of policy, the Italians are having quite familiar debates. For instance there is much room for argument on how severe the current recession really is, or alone on whether a domestic stimulus would be any use. On the one hand the official unemployment statistics do not cover many workers who are out of work or under-employed. On the other there are many jobs in the secondary sector, more or less unknown to the authorities.

Rigidities

Nevertheless, the rigidities of the Italian economy are not as great as sometimes claimed. The lira is not as strong as the pound and the inflation rate is probably—although not certainly—higher than it is in the U.K. Judging by the statistics, the slowdown in production could have been less; but the existence of a large secondary sector, less closely controlled and monitored, distorts the comparisons in more than one direction.

The more immediate questions for the authorities concern exchange rate and credit policy. The Bank of Italy has regained control over the currency markets and has opted for a policy of rough stability against those who urge both depreciation and appreciation. Its biggest worry is that a large part of its foreign currency reserves still consist of volatile short-term funds. This is probably due to the fact that policy has been much more orthodox than is generally recognised.

The Japanese Red Army and the incident at Dacca

By CHARLES SMITH, Far East Editor

THE LEGENDARY Japanese Red Army (Nihon Sekigun) has come to life after almost two years of quiescence, and is once again showing that the Japanese are as efficient at terrorism as at most other things.

This is the message to be read into Wednesday afternoon's hijacking incident which diverted a Tokyo-bound Japan Air Lines DC8 to Dacca just after it had taken off from Bombay, and is now keeping the aircraft parked on the Dacca runway under imminent threat of being blown up with 146 passengers still inside it. The Dacca hijacking, like most events of its kind, seems to be developing into a prolonged and exhausting war of nerves between the hi-jackers and the authorities, as well as an experience of agonising suspense, combined with intense monotony for the victims. The incident, however, stands out from the norm for two reasons.

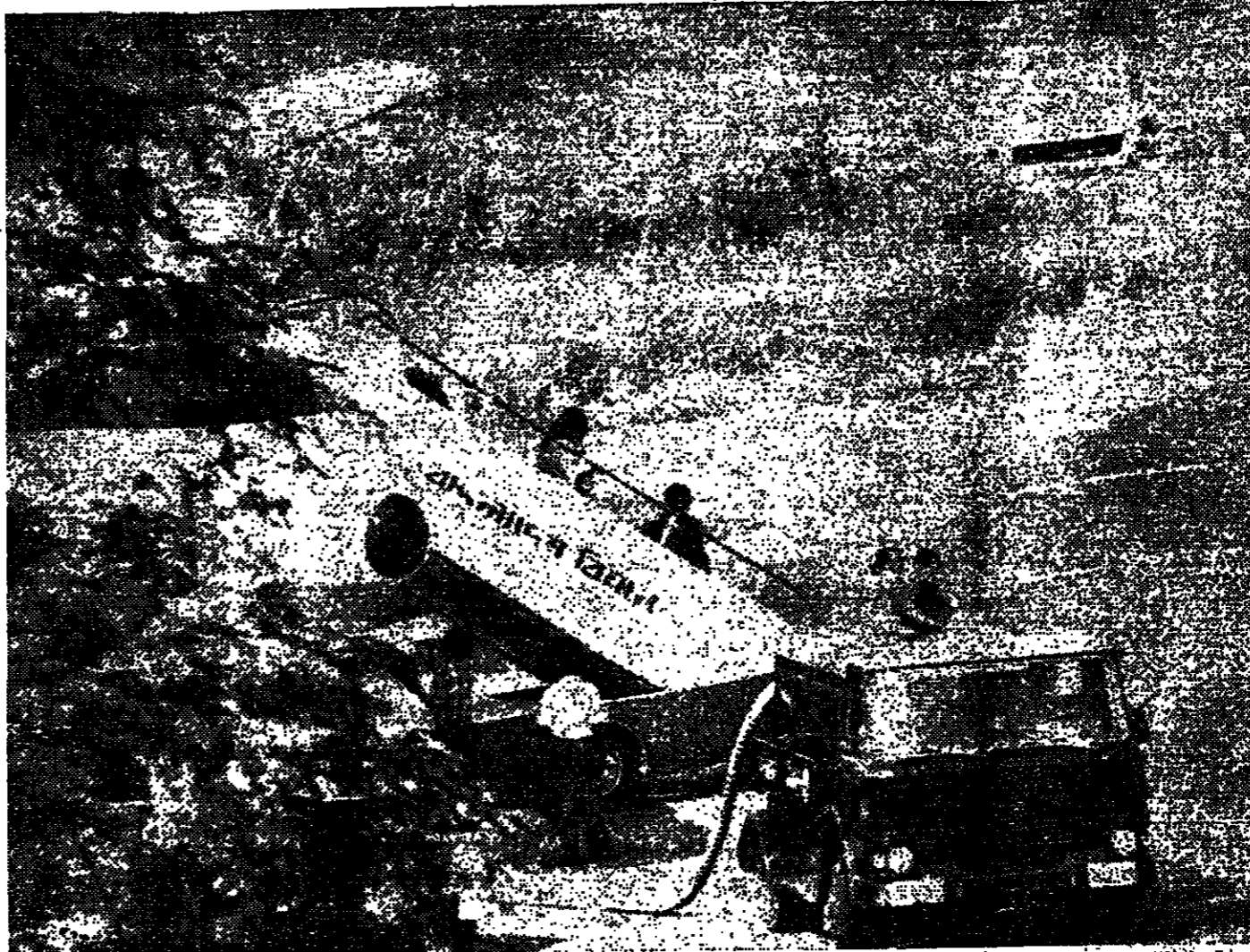
One is that the parties involved—the five hi-jackers on the aircraft and the Japanese Cabinet deliberating almost round the clock in Tokyo—probably have a good deal more insight into each other's motives and reactions than is usual in such cases. The other is that there are some complicated political overtones to the Sekigun's seemingly straightforward demand for a \$6m. ransom and the release from Japanese prisons of nine convicted terrorists and criminals.

In order to understand the nature of these overtones and the ominous significance they could have for Japan itself, it is necessary to take a look at the Red Army's history.

Efficient police

The Sekigun was one of a large number of far-left groups which emerged in Japan in the late 1960s after the disintegration of the militant students' movement which dominated the extreme Left at the start of the decade. The splitting process occurred because the Japan Communist Party withdrew its support from the militant Left (in an attempt to improve its electoral image) and because the Japanese police proved remarkably efficient (as it still is) in stamping out ultra-leftists. The Sekigun, in contrast to its fellows and under the unlikely leadership of a female pharmacy student (Miss Fusako Shigenobu, on whose 33rd birthday Wednesday's incident occurred) solved the problem of how to cope with the Japanese police by moving abroad.

From the early 1970s onwards, after some peculiarly unpleasant and highly publicised internal feuding in Japan, the



Hostages walk down the steps of the hijacked JAL airliner at Dacca, Bangladesh, yesterday. Airport workers refuel the aircraft.

organisation established itself in the Middle East and is believed to have become informally allied to the Popular Front for the Liberation of Palestine (PFLP). During the first half of the decade, the Sekigun, or people believed to be affiliated with it, crops up in incidents such as the Lod Airport massacre, the storming of embassies, and kidnapping of diplomats in Europe and South East Asia, and the somewhat bizarre hijack of a Singapore ferry-boat in 1974 (after an unsuccessful sabotage attempt on an oil refinery).

The Red Army's last big set-piece occurred in August, 1975, when it stormed the American embassy in Kuala Lumpur and demanded the release of five of its members who were under arrest in Japan, backing the demand with a threat to kill the embassy's occupants. The Japanese Government bowed to Sekigun's demands and the released prisoners were flown to Libya after a hasty search by the Japanese and Malaysian governments for a country which would allow them entry. From 1975 onwards, apart from arrests of a handful of its members in various foreign countries, including two of those released in the Kuala Lumpur affair, Sekigun was quiet.

Japanese officials, who are attempting to make sense of the

sudden re-emergence of Sekigun this week, say they think they understand what has been going on inside the organisation. The Japanese terrorists, with their stress on "simultaneous world revolution," are thought to have fallen out with the PFLP, which is apparently becoming more interested in the practical politics of a Middle East settlement, and hence mildly embarrassed by its Japanese partner's radicalism. The Middle East tactic originally adopted by Miss Shigenobu has therefore begun to lose some of its charm, and the organisation, say the analysts, is beginning to look to Japan again.

This thesis is supported by the fact that the Sekigun announced last May that it had completed an internal reorganisation process and was ready to become active again; by the stress on specifically Japanese issues (the "emperor" system, Japan-Korea relations, and the Lockheed affair) in the declaration issued on Wednesday by the hi-jackers and by the list of prisoners whose release is being demanded. The list includes two acknowledged Red Army members, but excludes a third former member who is believed, after his arrest in Europe last year, to have given information to the police about the Red Army's arms-procurement methods.

It also includes a variety of other names so far apparently unconnected with Sekigun. Two of these belong to participants in the Mitsubishi Heavy Industries bombing incident of August, 1974 (when a bomb planted in central Tokyo killed seven people and injured about 300 others). Another two names are those of men convicted of non-political murders who appear to have been in the same camp as Sekigun members and to have collaborated with them in campaigns for better treatment.

The Sekigun, say the Tokyo analysts, is trying to draw these and other people into its ranks by doing them the favour of getting them out of prison. By way of explanation, or by way of encouraging other possible recruits, the declaration released by the hi-jackers speaks of a new phase of revolutionary activity based on "a broad spirit of fellowship." This phrase, ironically, has been used by leaders of the left-wing Parliamentary opposition to call for the formation of an opposition coalition cutting across party boundaries.

Sekigun's attempt to re-establish itself as an active revolutionary movement on Japanese soil—if that is what it is really trying to do—looks somewhat forlorn in the context of its own

current strength and of the prevailing Japanese political climate. Although police estimates are vague, the organisation may not have more than some 40 or 50 active members. The estimated 30,000 or 40,000 members of Japan's communist far Left are probably far too fragmented to be welded into a coherent organisation at present, and the general drift of political sentiment appears to be towards the centre and away from all kinds of extremes.

If this week's affair has made any impression at all on the minds of the average Japanese, it has probably been as a change from the usual diet of TV news reports of nuclear accidents, public apathy to the Red Army, or rather a public reaction which stops short of feeling emotion.

Stranded passengers, do not complete the picture. The other and no less important aspect of the affair is the reaction of the Japanese Government which, by the admission even of some involved officials in the Foreign Ministry, could prove nothing short of disastrous.

True to its consensus approach to the solution of all problems and its abhorrence of confrontation, the Government has decided not to stand up to the hi-jackers' demands. Instead, it began, at 8.30 yesterday morning,

ing by accepting their "maturity in principle" and embarked on an attempt to gain time by raising procedural obstacles.

The Foreign Ministry, Tokyo, is communicating the hi-jackers via an open phone line to its embassy in Dacca, which then passes messages to the controlling Dacca Airport, which communicates with the pilot. This lengthy procedure slowed down by the dedication of the Dacca telephone which obliges diplomats to carry messages between embassy and the airport, prove to the advantage of authorities, or so the Japanese seem to be hoping. It is hard on the Government's side that the Bangladesh authorities have clamped strict control on the details of communications with the terrorists of the Press is hearing only the two Governments think it ought to be told.

In spite of all this, there seems relatively little doubt Japan will end up by releasing the nine people on the hijacked jet (including the hijackers) and arranging for them to be flown to Libya or other willing recipient countries. The Ministry of Justice in Tokyo will have to be by the Public Prosecutor's office which is refusing to go on and take the "most urgent action" of arresting the hijackers' names. The Japanese Government is giving up their prisoners, but anyone knows it may be a

ship sent to it by terrorists were themselves released during 1975 Kuala Lumpur incident.

Foreign Ministry, Tokyo, explain Japan's softening of the hijacking incident by that public opinion in Japan would not have the patience to bear a long, drawn-out process such as that which followed the train hijacking by the Red Army in the Netherlands. They also blame the Japanese Press for alleged over-enthusiasm in the affair, and a negligible allegedly makes it more difficult for the Government to take time to time.

Walls, arguing that Government has had to give to the terrorists' demand order to save lives, how officials admit that what are doing could set an example dangerous precedent for the future. The spectacle carries one of a few years some of the world's most famous terrorists confronting Government which has at its disposal the most powerful enforcement machinery in any democratic country but which is itself not prepared to tough. How it will be decided not to stand up to the hi-jackers' demands. Instead, it began, at 8.30 yesterday morning,

only the beginning.

MEN AND MATTERS

Lots of froth —still no beer

It was just three weeks ago that civilisation as we know it seemed in imminent danger. I refer, of course, to that moment when the Transport and General Workers' Union was suspended from the TUC and a sheepish Jack Jones led his cohorts from the Blackpool conference hall. Thanks to sophistry and the higher mathematics of Hugh Scanlon, all was saved. But what has happened at the eye of the storm—the Fox and Goose pubhouse in Birmingham? For more than two years the Fox and Goose has been beerless, thanks to a TGWU draymen's boycott; after the high drama in Blackpool there were emotional promises that supplies would soon be flowing again.

It has to be reported that the Fox and Goose remains as dry as the Sahara. I talked yesterday to Mrs. May Clutton, the publican's wife, and she said: "Nothing has happened. We are still serving mineral water." She sounded horrified at my suggestion that the Fox and Goose might easily circumvent the draymen's boycott by going out and buying some beer: "That would be breaking the rules," she said. However, the customers in the steak bar can have wine—if they bring it themselves.

The Fox and Goose is pinning its hopes on October 7, which is to-day week. It seems that the TGWU—at the time of its suspension—guaranteed to end the boycott if then, I also learn that many of the unions which, in a wild excess of love and respect, had dared to vote against the TGWU colossus, are writing grovelling letters of apology to Jack Jones. In the light of what has not happened since then, perhaps they should be apologising to Mr. and Mrs. Clutton.

Hot money

An American inventor named Walt Williamson has devised a system that he claims has frustrated 283 potential bank robbers in the U.S. in recent years. It works like this: when the thief comes to the counter and makes his demands, the cashier slips into the bag a delayed-action bomb disguised as a bundle of banknotes. Electronic devices installed at all exits of the bank activate the bomb, making it explode within a minute. The getaway car—not to mention the gangster—is deluged in red dye. A cloud of teargas is also released.

It seems that Barclays are studying Williamson's brainwave. A spokesman said yesterday: "It's an attractive idea." He then added cautiously: "It is being considered along with many other similar devices." One basic principle of the British banks is that they will not install anything that might raise the possible "level of

violence" inside their premises. So the prospect of letting a bandit paint himself red in the road outside has obvious attractions.

All in favour

To the surprise of none of the assorted livermen, beadles, sheriffs, chamberlains, recorders, chaplains, town clerks, remembrancers, sergeants and others gathered in Guildhall Air Commodore the Honourable Peter Vanneck was yesterday elected as the 650th Lord Mayor of London.

For in spite of the tricorne hats, the gaiters, the fur-lined livery robes and those symbols of power, the mace and sword, the actual election ceremony is just that. All is settled well in advance.

There was an awful lot of the solemn nodding, and bowing and taking off of hats before the Sheriffs and the Common Serjeant moved to the front of the hustings and asked the livery to those two names from the prepared short list of six. As Vanneck's name was uttered and raised on a board all hands rose and a swelling roar of "all" reinforced the unanimity of the choice. Kenneth Russell Cork, "Alderman and Horner," was gratified with a collective rendering of "next time," but the remaining four hopefuls received what sounded to me like a defiant "never" but was later interpreted as "later" by those who know better.

It adds up

ICL announces a record: more than 30 per cent of its 12,000 eligible employees have applied for shares under its new savings-related share option scheme. With pride (and perhaps a little wryness) ICL says this response is believed higher than any other British industrial company has received for such a scheme. But scarcely a surprise... the million shares were offered on August 25 at 20p each—90 per cent of the current market price; then the market took off. By the closing date of September 19, the shares were 246p. So many ICL people saw the chance of a quick profit that most applications will have to be scaled down by half.

Sporting life

Tom Atherton, who plays off 12 had a good excuse yesterday for not joining in the annual golf match with the rest of his company's senior executives. There was just too much on his mind, for Atherton is the chairman of Dorman Smith, the Preston-based electrical engineering company whose agreed take-over by BICC was announced during the afternoon. He counted himself with going around the putting green, then retired to a nearby hotel with his financial advisors. I asked if the excitement might have put him off his game. "I am I think so," he said. "But it was rather a windy day."

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Army
Dacca

FINANCIAL TIMES SURVEY

Friday September 30 1977

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h O'Shaughnessy

erica Correspondent

Venezuela

Venezuela is one of the very few parliamentary democracies in Latin America. The country has become very prosperous on the basis of its oil, though much still has to be done to spread the wealth and ensure that it is managed properly.

BASIC STATISTICS

Area	352,143 sq. miles
Population	12.36m.
GNP (1975)	Bs. 112bn.
Per Capita	Bs. 9,347
Trade (1975)	
Imports	Bs. 20,26bn.
Exports	Bs. 49,46bn.
Imports from U.K.	£91.6m.
Exports to U.K.	£165m.
Trade (1976)	
Imports from U.K.	£129m.
Exports to U.K.	£118m.
Currency:	Bolivar
	£1 = Bs. 7.45

JUBILEE with Venezuela's newspapers are so the practised Argentinian reader in Buenos Aires pick up La Opinion breakfast and reveal the prose of the commentators, savour opinions about how a is to overthrow Government; in Sao Paulo your morning paper you could only tell the exact temperature with reference to the amount of censorship. Brazilian Government is on O Estado de Minas in the blank space of recipes or stanzas of renaissance epic ads; in Santiago to-day still measure the love and the amount in the relationship Chilean establishment general Pinochet by studying morning tea the articles in El Mercurio; it is always interesting to compare the contents of the Communist Party with what is being from the radio transmission Miami.

across there are no such delights. The news record Venezuela as it ups brewing, no censor-right wing extremists in ent, and a negligible have reached the level of political sophistication which local problems rather than the Third World and Venezuela's

the bizarre contrast of glittering millionaires' parties and the poverty of much of urban Caracas. But politically the capital's Press has none of the strong red meat of kidnappings, coup, violence and censorship that is the staple diet in La Opinion and the rest.

This makes for a much less exciting life for the journalists of Venezuela but, more importantly, it goes to show that the country is an infinitely more stable, free and contented place than most of the rest of Latin America.

Foundations

The bases of Venezuela's parliamentary system now look as though they have been set in very firm foundations. The country enjoyed nearly two decades of parliamentary government. The last presidential elections, conducted freshly and cleanly, took place in 1973 and Sr. Carlos Andrés Pérez won them on the ticket of Accion Democrática, the slightly left of centre social democratic party. The following year he took the sash of office from President Rafael Caldera, leader of the Social Christian COPEL who had won it five years earlier from Accion Democrática. Few Latin American countries—indeed few developing countries—can claim to have reached the level of political sophistication which allows two parties to cede gracefully one to another with-

out bloodshed. But Venezuela has.

At the same time the parliamentary structure is flexible and strong enough to accommodate fringe groups, some of radical disposition. Tolerant Venezuelans accept the presence in politics of the dwindling right wing band of supporters of the last dictator, the discredited General Marcos Pérez Jiménez. On the Left there is a lush undergrowth of parties which, if they were ever able to pull together would present a powerful alternative to the two main groups. Few parties can claim that their voice is not heard.

The benefits that such an open system gives Venezuela are enormous and, one suspects, not sufficiently appreciated by those Venezuelans who are unfamiliar with the tensions, violence and ossification which are the by-product of the dictatorships that are the rule in much of the rest of the region and which they escape.

Though less than 20 years old the parliamentary system has struck roots which could prove difficult to pull up. More than a year before the next presidential elections the rate is already on. Accion Democrática has already chosen its candidate after a U.S.-style primary election. Luis Pinerúa Ordaz is in many senses the opposite of Carlos Andrés Pérez. Short rather than tall, taciturn rather than loquacious, interested in local problems rather than the Third World and Venezuela's

place in it, tending for the present to be much more of a party man and less of an independent force than President Pérez has proved himself to be, less rather than more charismatic. Flirtatious, as he is familiarly known, is the favourite. Adeco's members of Accion Democrática feel that the superiority of their party machine and its very lacklustre earnestness will appeal to voters who have witnessed since 1974 that President Pérez was not always able to do what he had announced he would do.

Uncharismatic

COPEL for its part, has selected an equally uncharismatic candidate in Sr. Luis Herrera Campins who shares many of Sr. Pinerúa's characteristics, even down to enjoying the support of COPEL's founding father, former President Rafael Caldera in much the same way as the adeco candidate enjoys the backing of Accion Democrática's founding father, former President Rómulo Betancourt.

COPEL, which with about half a million registered members has less than half the paid up grass roots strength of Accion Democrática, is banking on its candidate appealing with a sober image and on voters' impatience with the unfulfilled promises of adeco rule and air of financial scandal that has hung around the Pérez administration. Such are the candidates of the big battalions. The principal left wing party,

the Movimiento al Socialismo or MAS, has been faltering for the past few months. The ideological divisions which parties of the Left anywhere in the world are a prey to have weakened MAS's thrust and some members will not be wholehearted in their support of the party's declared candidate Sr. José Vicente Rangel. As in France the parties of the Left have found it all but impossible to agree among themselves. Thus MAS will be competing with two other left wing candidates.

The MIR or Movement of the Revolutionary Left which in the early 1960s was committed to the armed guerrilla struggle is going to the polls with its candidate Sr. Americo Martín under the banner "Clean Hands," a reference to the financial inadequacies of Accion Democrática and COPEL and the tiny and ageing Venezuelan Communist Party is also bidding for the presidency. The net result of this seems to be that MAS will end up with perhaps no more than 10 per cent. of the votes with 1 or 2 per cent. each going to the MIR and the Communists.

With more than a year to go before polling the forecasting must be very fallible and subject to the decisions of others who may launch independent candidacies. Sr. Renny Ottolina, a TV and advertising personality whose face appears on Venezuelan screens and hoardings with tiring regularity and who can be said to be the nearest local equivalent to Mr. Robert

Morley, has hinted broadly that he would like to stand. This fact is taken by some to be proof of the all-embracing nature of the Venezuelan parliamentary system and by others of the trivialisation of politics.

In a more serious category is Sr. Diego Arria, former Governor of the Federal District now Minister of Information and Tourism. Politically an independent, Sr. Arria is energetic, intelligent, young and ambitious and his entry into the ring could make the race between Accion Democrática and COPEL more unpredictable than it presently is. Sr. Arria is playing down the idea of his candidacy at the moment but it is obvious that his presidential ambitions have not faded for good.

To judge by all the activity the parliamentary engine is in good shape, with all cylinders working. But here a question arises in the minds of some observers of the Venezuelan scene. Is it pulling in the right direction along the right lines?

The pessimists say it is not. They argue that the apparent flexibility of the political machine to the will of the majority of the people is a mirage. They contend that the reality of Venezuelan politics is that of two super-parties, ideologically indistinguishable and practically identical when it comes to the execution of policies. Both are arms of the same establishment which is unwilling to take the measures

which would guarantee a minimally decent life to the hundreds of thousands who do not at present have access to it.

Buttressed by great financial resources they use every artifice of the publicity man's repertoire to humbug the voter into thinking they are curing the country's problems. The pessimists point to the inability of successive governments, even with the enormous oil revenues at their disposal, to bring agriculture in any reasonable level of efficiency or, say, to ensure that new cities like San Félix in the new industrial development zone of Guayana has adequate sewerage or refuse disposal. The parliamentary facade will, they say, sooner or later be torn down by people who have become dissatisfied with the jobbery and inefficiency of governments who are incapable of managing the State's flood of money but who see to it that they line their pockets first and look after the public good after.

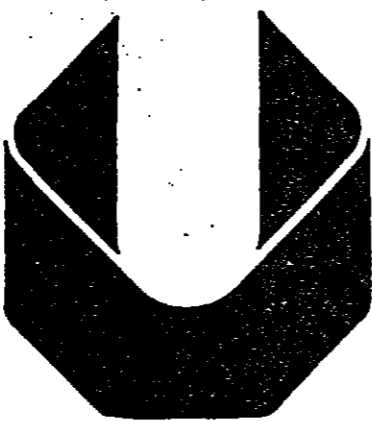
Weakness

The optimists on the other hand say that Venezuelans have traditionally had a weakness for bread and circuses—particularly in times of crisis—as they are being offered, and that they are tolerant of two main parties which they trust somehow to muddle through. The average voter, this argument goes, is very conscious that Venezuela just has not got the skilled manpower to put all the oil money

to good use and as long as the two parties look as though they are trying he will stand by them.

How far one side or the other is right will not be revealed until the results of next year's election have been announced and it is shown how far the voters — for whom voting is compulsory — have boycotted the main parties, spoiled their votes or cast blank votes.

The Venezuelans can meanwhile take comfort from the fact that their oil wealth will keep them prosperous for many years yet. Though proven reserves from conventional sources do not guarantee that the country will be able to continue producing at the present rate of 2.2m. barrels a day, even up to the end of the century the reserves locked in the Orinoco Tar Belt assure Venezuela of ample supplies well beyond that date. At the same time Petróleos de Venezuela, the State oil company, is beginning a big new programme of exploration which in all likelihood will reveal new oilfields. A very big challenge is now to train Venezuelans to a level that would allow them to take proper control of all their resources. If the large amounts of money that the State is spending on education at all levels, at home and in training Venezuelans abroad pays off — and there is no reason to believe that it will not — then Venezuela will have achieved a very enviable position in the world.

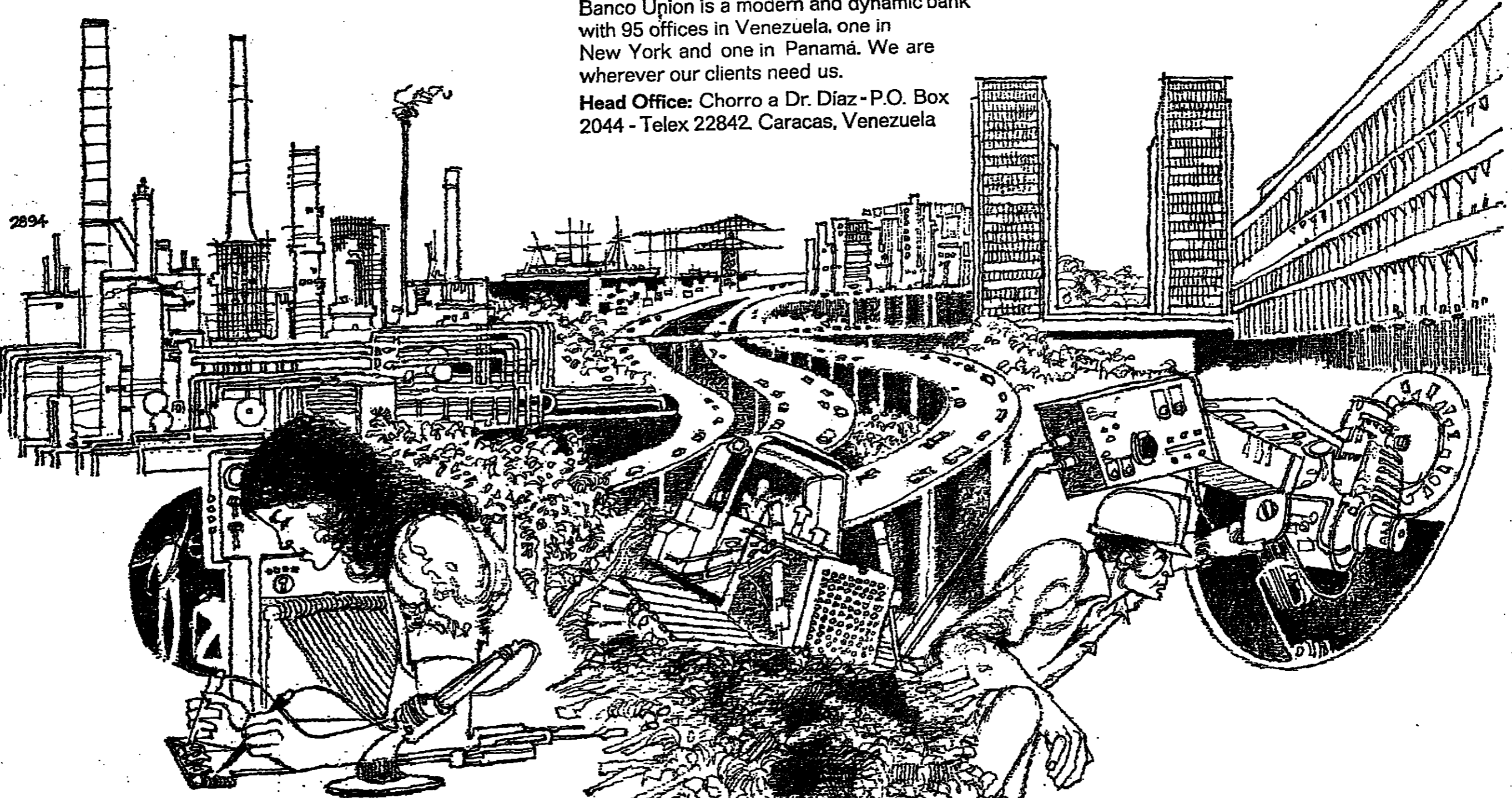


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VENEZUELA II

A study in financial planning

VENEZUELA'S POLITICAL leaders have reached the threshold of the most challenging period in the country's economic history. The Government — which generates over 60 per cent of the gross domestic product (GDP) and supplies more than 40 per cent of the nation's fixed capital investment — has clearly opted for a system of "State capitalism" where the official sector is senior partner, macro-economic guide and rule-maker in its relationship with private investors.

Although the private sector's role remains essential in Venezuela, it is a foregone conclusion that the Government now defines overall economic strategy, elaborates the rules and calls most of the shots.

When the Treasury was awash in petrodollars a few years ago and the Government's main economic commitments had yet to be made, everything looked rosy. But over the next several years the Government will see its income remain at a relatively fixed level while commitments to costly projects in heavy industry, transport and public works, plus a variety of other demands on public funds, will place tremendous pressures on available resources. Venezuela's politicians and Government economists have never before been called on to deal with a similar set of circumstances. Their decisions in the years to come will be crucial in determining whether Venezuela achieves a real measure of social and economic progress, or whether it remains an underdeveloped country with tarnished dreams and a mountain of unpaid bills.

The Government of President Carlos Andres Perez is currently implementing a grandiose social and economic development scheme whose fundamental elements are incorporated in a document called the Fifth National Plan. The plan charts a course of massive Government spending between 1976 and 1980 designed to reduce the country's lopsided dependence on oil revenues, establish a solid industrial and agricultural base and redistribute national wealth through the creation of hundreds of thousands of jobs and the re-orientation of private sector spending.

This blueprint for national development foresees public and private investments totalling

over \$52bn. (according to prices adjusted for inflation through 1980), with Government spending estimated at \$27.6bn, and private sector outlays at \$24.5bn. The Government, which has already reserved the lucrative petroleum and iron ore industries for itself, is investing heavily in steel, aluminium, hydro-electric and thermo-electric power, agriculture, public works and social improvement programmes on a broad scale. It hopes to channel private investment—spurred by official incentives—into areas such as agriculture, small and medium industry, tourism, general commerce, secondary and tertiary stages of the petrochemical industry, and a number of services.

Public

Government planners expect to finance the public sector's share of expenditures through petroleum revenues from the nationalised oil industry, loans from the Government-owned Venezuelan Investment Fund, now with assets of over \$6bn., and approximately \$5.3bn. in borrowing at home and abroad. Foreign borrowing for 1978-80 should reach around \$4.5bn., according to official estimates. So far this year the Perez Administration has raised \$1.6bn. on foreign capital markets through a syndicated loan for \$1.2bn. and two bond issues of \$100m. each. Negotiations are now under way for additional foreign credit operations, including a \$350m. loan and a \$200m. Republic of Venezuela bond issue that could be launched in Japan by the end of the year.

Like other members of OPEC who have begun to implement extremely ambitious development programmes, Venezuela has found that problems and bottlenecks abound; its ports are hopelessly clogged with imports of all types; shortages of building materials slow down innumerable projects; costs are rising at an alarming rate and a dearth of skilled human resources threatens to place severe limitations on almost every aspect of the Government's master plan.

The last problem is by far the most serious, and is one which cannot be resolved in the short term. Nevertheless, the Perez Government has sought to ease the whole gamut of manpower shortages by imple-

menting a three-pronged approach which includes wide-scale training at Venezuelan universities, technical schools and other institutions; a foreign scholarship programme that now has thousands of Venezuelans studying all over the world and a plan of selective immigration aimed at attracting skilled workers, technicians and professionals. At the same time, foreign companies carrying out large-scale projects generally are required to provide training to Venezuelan personnel and the Government has tried to oblige local private firms to train significant numbers of new apprentices.

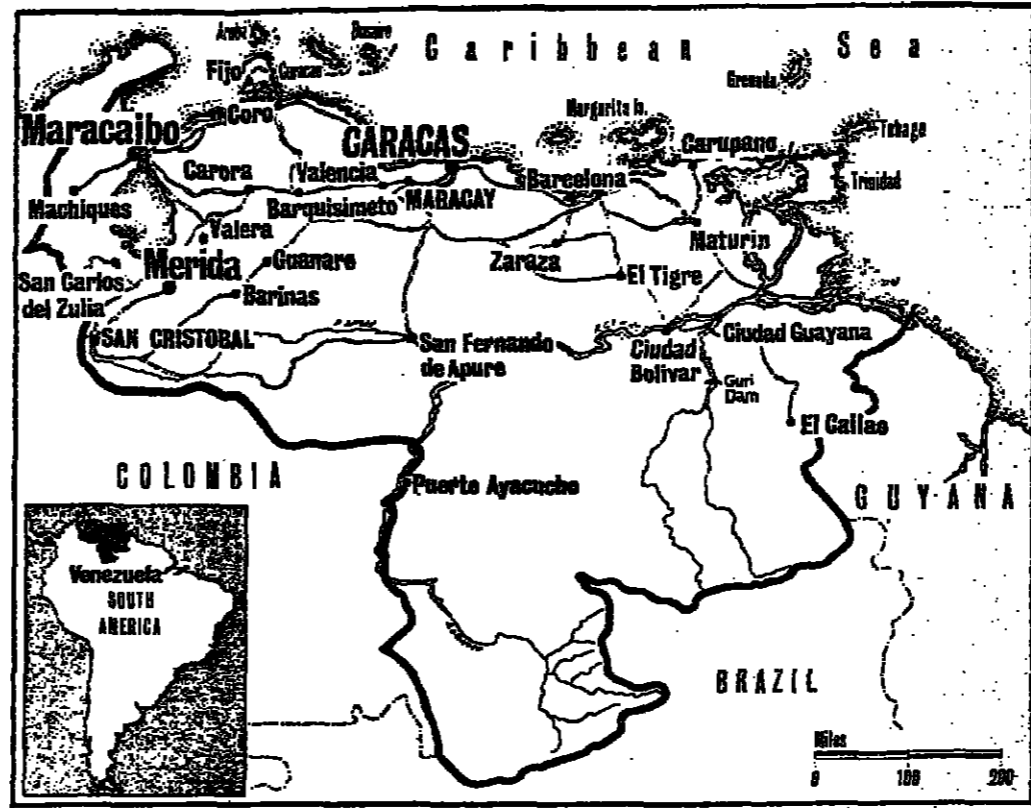
A great disadvantage in Venezuela, though, is the fact that the public education system has been neglected for decades and even now barely functions at some levels. Despite gargantuan Government efforts to improve public education, the task will require many years. And private schools, while in general far superior to State institutions, only account for a small fraction of the student population.

Each of the Government's key human resources initiatives has encountered some degree of success. But the sheer magnitude of the problem clearly indicates that the Government must lower its goals, accept long delays and extend project deadlines. Indeed, the Government already has quietly revised its objectives in a number of areas.

Turning to the state of general economic activity, Venezuela still presents the image of a nation riding the crest of a petroleum boom. But a number of disturbing factors is becoming more and more apparent. Some of these factors are transitory, and are part and parcel of the country's developmental growth pains. Others, though, are more deeply rooted in official economic policy or in the structure of the economy itself.

Elements which have received considerable attention here and abroad during the past several months include:

- Unprecedented importing of popular foods, and periodic shortages of basic items such as eggs, meat, coffee, chicken, cheese, vegetables.
- Continuing problems in domestic agriculture in spite of multi-billion dollar investments since 1974.



Double-digit inflation, held under control since 1974 by government price regulations, has yet to be checked by real increases in domestic production and/or productivity.

Consistent overspending by the official sector, compounded by waste and corruption, have eroded confidence in the Government's ability to carry out its own programmes.

Looming balance of payments deficits and central Government budget deficits, coupled with mounting government debt.

Possibility of a long-term capital flight in the private sector, and current insecurity among many investors as a result of recent Government economic measures taken to limit bank liquidity, eliminate speculation in construction, spur investment in "middle income" housing, control the use of credit cards and freeze prices on a range of goods and services not already subject to price controls.

These issues undoubtedly pose serious problems for the Venezuelan Government, and for the most part are receiving serious

attention from State economic planners. But predictions on the Government's course of action are hard to make at this point, since the current administration will leave office in March, 1979.

Quite understandably the Perez Administration wants to complete its five-year term without precipitating any major economic upheavals, and plans to leave behind a record that will be appreciated by all Venezuelans—especially the ones who vote. It is normal to expect that the Government and the ruling Accion Democratica Party (Democratic Action) will spare no expense in their efforts to recapture the presidency and a congressional majority in next year's national elections. What this suggests is that unpopular measures such as lifting price controls, cutting imports of popular items or limiting spending on highly visible social action projects will not be taken until the next administration comes along.

Extravagances

The interesting thing about Venezuela's economy is that the country can get away with extravagances that no other Latin neighbour could hope to without courting fiscal disaster. The Government is rich enough temporarily to ignore fundamental solutions to certain problems, simply papering over shortages, distortions or gaffes with liberal applications of money.

For example, when Venezuelan markets ran out of chicken, eggs, beef and other goods earlier this year, the Government airlifted in the items from the U.S., Central America and other areas. Blackouts and brownouts in the capital and other major cities a few months ago brought on major inconveniences and caused some people to predict a "crisis" in electric power supply. The "crisis," resulting from hefty increases in domestic and industrial demand and a low reserve factor in production capacity, was almost immediately defused when the Government imported millions of dollars in coal generators, which will cover the gap until the country's biggest thermo-electric power projects go on-stream.

If these problems had occurred in less fortunate Latin American countries, the people would have had to make do without chicken, electricity or whatever. "When we run out of eggs in Uruguay," a journalist from that country said, "people stop eating eggs. But here, they'll import anything they need. Who cares how much it costs? The Government picks up the bill."

The question remains, however, as to just how long Venezuelan governments will be able to pick up the bill? How far will the official sector continue to subsidise the economy? And how much longer will it be able to do so?

The solution to the country's agricultural problems will not disappear overnight. This year's widespread food shortages present a special case. Although Venezuela has for some time, last year's disastrous weather conditions—added to the traditional complications plaguing farmers—caused a sharp decline in production. That, plus sharp upswings in demand since 1974, forced the Government and businessmen to bring in unprecedented quantities of imports.

Even though this year's agricultural outlook is far better than that of 1976, experts say it will take several years for investments in crop and cattle-raising to pay off, given the best of conditions. And when domestic food production begins to meet demand, politicians will have to face the issue of allowing farmers to earn profits that will encourage them to stay in business. Until then, however, the Government will be obliged to continue importing and sub-

sidising agriculture, unless it is willing to face the politically chilling consequences of shortages or high retail prices.

Another major problem that will probably be left in the lap of the next Government is inflation. In the Caracas Metropolitan Area, the Government reported that prices rose by 2.9 per cent in 1972; 4.1 per cent in 1973; 12.2 per cent in 1974; 10.2 per cent in 1975 and 7.7 per cent last year. Since 1974, Government spending has gone through the roof, bank liquidity has reached the highest levels ever and consumer demand has rocketed on almost every front.

Retail price levels, which remained very stable before 1974, moved up abruptly as the oil boom began. Despite price controls on a wide assortment of consumer items, inflation has been felt keenly since 1974, and real cost-of-living increases are estimated to be between five and ten points above the official rates, depending on the year in question.

The Venezuelan Central Bank reported that retail prices rose by 8.2 per cent for January through May of this year, up from 7.1 per cent for the same period last year. Wholesale price increments were 15.5 per cent (1974), 13.5 per cent (1975) and 8.0 per cent (1976). For the first five months of 1977, wholesale prices rose 9.3 per cent, compared with 7.0 per cent for the same span last year.

Production since 1974, has generally not been capable of keeping pace with spiralling demand, especially for mass-consumption items. Demand-pull inflation and rising costs for domestic manufacturers have combined to create tremendous inflationary pressures in some sectors. But the Government's answer has normally been to allow things to reach a critical stage, then grant a price increase. In some cases, it has decided to provide subsidies or turn to imports.

Many Government officials realise that the country cannot forever afford to offer its citizens sugar, petrol, coffee and a host of other items at prices below production costs. They also realise that producers who obtain marginal profits have no incentive to expand. In the case of powdered milk, an extremely popular item among the nation's poor, the Government decided to buy out foreign producers, manufacture the product itself and market it at "popular prices." But this practice cannot be applied to every industry.

At some point, the politicians will have to make a decision on prices. But a policy change will probably not be forthcoming until subsidies reach an unacceptably high level, or until production slumps in key consumer areas. Up to now, the

pressures have not reached a critical level in either of these areas. Finance Minister Luis Jose Silva Luongo told a group of foreign businessmen recently that he believed that controls must be maintained on "essential" consumer items until increased production allows prices to reach an acceptable level. There seems little doubt that most price controls will remain in effect at least until 1979.

Monetary liquidity, another area of concern for the Government, grew by 23.5 per cent last year, as opposed to 47.4 per cent for 1975. At mid-year, the Central Bank warned that liquidity might show an increment of 31 per cent by the end of 1977, but since then has set new reserve requirements on Government deposits in private banks and financial institutions. The new Central Bank resolution, which orders a reserve of 75 per cent on all Government sight and time deposits by the end of the year, is one of the Government's most recent anti-inflationary measures. It was announced in July along with a package of other norms which included new sets of price controls and limits on profits earned from real estate sales.

Concern Since higher oil prices permitted the Venezuelan Government to triple its income in 1977, central Government budgets have reached around \$10bn. per year. This year and next, the figure will probably be higher. (The 1976 and 1977 budgets were swelled by additional income from foreign loans. Last year the Government borrowed \$1bn. from a syndicate of foreign banks in order to consolidate a package of short-term debt accumulated by various Government agencies, and this year's borrowing for development programmes will probably reach \$1.5bn.) Besides spending described in the central Government budget, State-owned companies and autonomous institutes also manage large sums of money. While the central Government spent \$9.52bn. in 1975, for example, all Government expenditure for the year amounted to \$18.4bn. Figures on last year's total official spending are not yet available.

The central Government last year took in \$10,080m. and approved spending totalling \$10,370m., apparently producing a deficit. Part of the Government approved spending for the year, though, was a \$581m. transfer from the Treasury to the State-owned Venezuelan Investment Fund. This Government pointed out that if it had not been for this integral transaction, the budget would have shown a healthy surplus. It was not widely reported, though, that the Government did not make the transfer until well into 1977, apparently because the Treasury was a bit lower on funds than administration officials had expected.

Another slightly embarrassing situation developed when preliminary figures, published in March, showed a balance of payments deficit of \$289m. for 1976. The latest information available from authorities put the balance at a surplus of \$42m. for 1976, and surpluses of \$2,660m. in 1975, \$4,200m. in 1974 and \$636m. in 1973.

As the Government brings in quantities of expensive capital goods over the next few years and continues spending heavily on food imports, it will be natural for the balance of payments to go into the red. Since petroleum makes up virtually all of Venezuela's export revenue, and since the Government has indicated it will keep production of current levels in order to conserve crude oil reserves, the country cannot easily avoid accumulating BOP gaps. A World Bank review of the Venezuelan economy pre-

dicted that these deficits would occur as the country moved ahead with its industrial development plans, and saw dangers for the economy over next few years.

Local bankers are notalar by the prospect of upcoming balance of payment deficits long as they are controlled do not become chronic. They point out that as projects steel and aluminium come stream in the early 80s, Venezuela should be able to make steel in the place of now being imported. At the same time, the country's aluminium project—Venezuela is slated to export most production of 280,000 tons year to buyers in Japan.

Despite burdens, most limited manpower, waste, dependence on imposed efficiency in the public sector, controls and seemingly unworkable Government policies, foreign bankers, local businessmen and Government officials view the country's future with optimism. The consensus of opinion that Venezuela will move steadily as development takes shape over the next ten years, is one of the obstacles.

Progress will come much slower pace than Government expects, a banker said. "We'll see by now, wasted effort, delays and a very high domestic price tag. But Venezuela can afford it as long as the industry stays competitive."

The key of course is, however, then the national industry guarantees the Government an annual income of \$700m. and there is no real doubt that the situation change. The industry is highly qualified, professional and up-to-date, has been of political influence. Industry leaders are mapping growth plans which will Venezuela's oil exporting at an efficient and stable level for many years come.

Sharpest

Perhaps the sharpest of the Government's development plans is the former Vice Minister of Finance, Ivan Pulido Sr. Pulido, an expert economist, quit the Government as a result of objections to the Fifth National Plan, and now acts as a Shadow Finance Minister, criticising the Government over ambitious spending programmes, lack of fiscal control, overestimation of income, violation of its own inflation policy. The Finance official also pointed out that the Government is obliged to adopt more conservative spending schemes over the next few years.

Sr. Pulido's arguments, generally quite accurate, are shared by a number of bankers and businessmen.

One Central Bank economist, while admitting that Government spending will continue over the next few years, said: "Present trends continue to strain the country's ability to handle its debt. The situation is tight, the President will have to make a decision on the next plan. We'll just have to eliminate or postpone projects."

A foreign banker in Caracas, when asked about the country's prospects over the next few years, gave this reply: "A lot of it could go wrong, and the Government will surely make its blunders. But even if it does, over next year the banks won't desert Venezuela. They have an investment."

By Joseph A. M. Caracas Correspondent

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Economic growth at a price

IN 1976, Venezuela's third petroleum boom, the national economy expanded at a rapid pace. According to preliminary indicators released by the President's office, the contribution of oil, mining and agriculture to the gross domestic product diminished. Paradoxically, contractions in the oil and mining sectors caused no problems since cutbacks in these areas were accompanied by increased revenue.

Oil production last year reached an average of 2.29m. barrels/day, down 1.94 per cent. from 1975, but still above the Government's conservationist target of 2.2m. b/d.

Oil exports for 1976, the first year of activity for Venezuela's nationalised petroleum industry, averaged 2.15m. b/d, up 1.96 per cent. over the previous year. Proven conventional crude reserves at year-end were 18.3bn. barrels, a 0.7 per cent. drop from 1975, but still the highest in Latin America.

Income from all exports reached \$8.92bn., with oil's share amounting to \$8.45bn. — or 94.7 per cent. The national Treasury's take of petroleum earnings amounted to \$6.37bn., or 71.8 per cent. of the central Government's ordinary income. Oil constituted 77.3 per cent. of total official revenues in 1975, but made up 78 per cent. of the total during the 1972-75 period.

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contrast to the 1975 growth rate of 47 per cent. The Finance Ministry reported that Government debt at the end of December (not including floating debt) totalled \$5.2bn., up 75 per cent. over the 1975 year-end level of \$2.96bn. The foreign debt component accounted for 63 per cent. of the total, the ministry said, while internal liabilities — including a hefty share of government-to-government obligations — made up 37 per cent. These figures have changed considerably since the end of 1976. By mid-1977, the Government had contracted an additional \$1.4bn. in obligations to finance heavy industrial projects, and other loans are expected before the year ends. The Government's general borrowing scheme, as outlined last year in the Fifth National Plan, foresaw foreign borrowing of about \$4.5bn. and domestic loans and bond issues accounting for around \$1bn. between 1976 and 1980.

shrinkage in crop and livestock output is being felt now in nagging shortages of popular food products that caused the Government to open the doors to massive imports by the private sector. This is in addition to the heavy importing already being carried out by the Government's agricultural marketing agency.

Who were the perpetrators of last year's disaster? Government spokesmen claim that the principal culprits were disastrous floods in some parts of the country and drought in others. Pests and plant diseases were also a serious problem and rats virtually destroyed the entire rice crop in the country's biggest rice-growing state.

While admitting that weather did indeed have a lot to do with the country's agricultural misfortune, farmers and other observers outside the Government lay a great deal of blame on low prices to crop farmers, unco-ordinated and extravagant Government spending, a lack of technical assistance in the field, and poor regulation of millions of dollars in agricultural credits. Part of this money, loaned in good faith to big farmers, was invested directly in high-yield construction projects in the Venezuelan capital, or in fancy real estate in the U.S.

Conservation

petroleum industry's of the GDP, according to Planning Ministry figures, down 1.9 per cent. last year as a result of the Government's policy to cut back on crude production for reasons of conservation. Mining, the second most important sector, slowed last year by 9 per cent. due to a general contraction in steel production and regular purchasers of Venezuela's iron ore. Nevertheless, Venezuela's iron ore — nationalised at the end of 1975 — benefited from its higher export prices, which reached \$27.9m. on sales of 1.1m. tonnes of ore. This led to an increment of 1.1 per cent. in revenues earned on volume that dropped 7.8 per cent. from the 1975 figures.

contrast to the extractive industries, manufacturing registered a GDP growth of 10.6 per cent., slightly above the Government's Fifth National Plan target of 13.1 per cent. An overall GDP increase of 5.8 per cent., however, surpassed the blueprint for economic and social development between 1976-80.

Construction held the lead in growth last year, soaring 20 per cent. This sector was aided by general services (10.6 per cent.), agriculture (10.6 per cent.), communication (8.5 per cent.), electricity (8.3 per cent.), restaurants and hotels (7.8 per cent.) and finance (7.8 per cent.).

As has been the rule for several decades, petroleum remained Venezuela with its important export earnings.

The Central Bank estimated a 7.7 per cent. cost of living increase last year for the Caracas metropolitan area, a drop from the inter-annual increase of 10.2 per cent. registered at the end of 1975 and 12.2 per cent. for 1974. Wholesale prices, according to the Central Bank index, rose by 8 per cent. in 1976, as compared to 13.5 per cent. for 1975 and 16.5 per cent. for the previous year. (Retail price increases have remained relatively low due to price controls on a large number of popular consumer items. However, private sector sources put real inflation at between five to ten points above the official rate. Prices of non-regulated consumer goods and services and real estate values have soared since 1974.)

Bank liquidity increased last year by 23 per cent., in sharp

Infusion

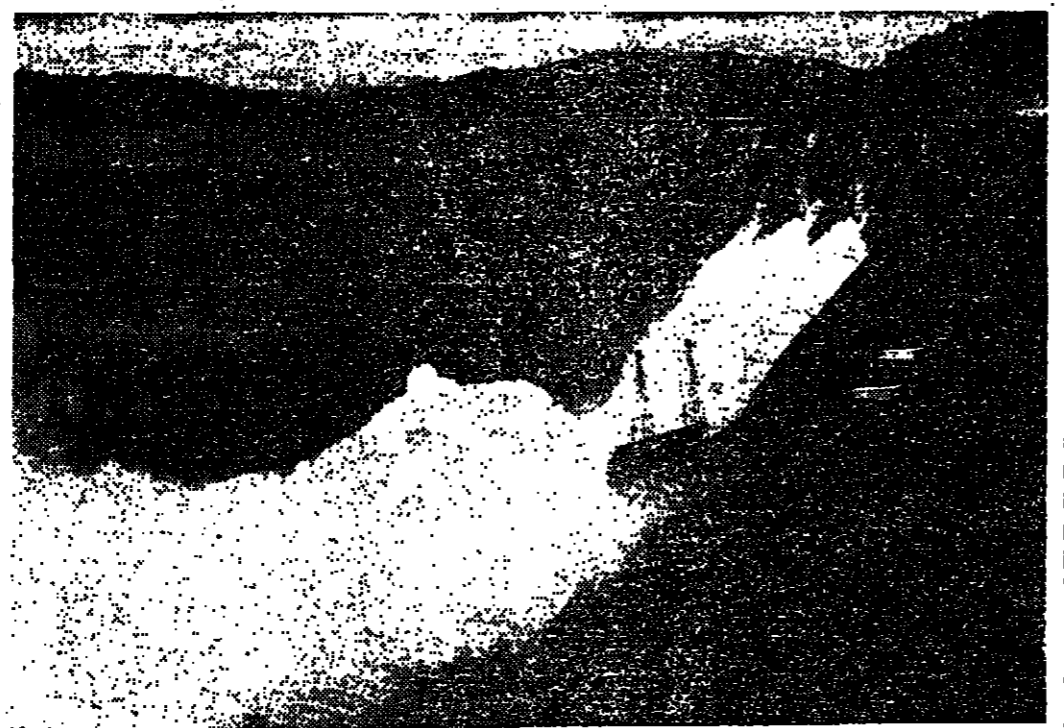
The Government's biggest flop in 1976 was agriculture, but the blame cannot be laid solely on bureaucrats for most of the sector's problems. In spite of an infusion of hundreds of millions of dollars in Government and private bank credits, subsidies, tax incentives, rural highways, irrigation projects, a national silo programme, and a host of other things, agriculture's share of the GDP shrank by 1.8 per cent. (Government planners had projected an increment of 9 per cent.)

Food imports rose, and the Government alone reported it had spent \$443m. on agricultural imports in 1976, a 35.4 per cent. jump over 1975. This figure, however, does not include private sector imports and black market activity.

The impact of last year's

NOTE: Figures and percentages used in this article are based on the most recent set of Government statistics available covering the economy as a whole. At the time this article was being prepared, the Central Bank was about to release its definitive report on the 1976 economy. The bank's economic review may obtain figures which vary significantly from earlier official estimates.

J.A.M.



Venezuela's biggest source of hydroelectric power, the Guri dam in Ciudad Guayana, which should produce 9 000 MW by the 1980s.

British traders live in hope

DEMENT Carlos Andrés Bello, the Venezuelan President, came on a very successful visit to Britain last year, when he staged a major industrial exhibition in Caracas. It was generally held to be a hit. Yet the visit has gone by and the British exporters pull off some major export have more often than not been disappointed. To rub salt in the wound King Juan Carlos of Spain passed through the country last week and ed effortlessly to sign agreements to help Venezuela's ambitious rail construction shipyard building programme.

Last year British companies have been ruled out of a deal, been adjudged too expensive, or have been out of the work on the idea of joint venture to build a plant to produce proteins from soybeans.

Despite the lack of any big breakthrough and the unwillingness of Venezuelan officials to climb much beyond 10 per cent., British sales in absolute terms have been wafted upwards on

the tide of the country's buying spree. Venezuela is one of Scotland's best overseas markets for Scotch, Leyland buses are rolling along the streets of Caracas for the first time for a long time, and British Steel and London Transport have been retained to help the Venezuelans make decisions on their capital schemes. Exports to Venezuela in the first eight months of this year totalled £102m. and the hopes are that, helped by buying of consumer goods for Christmas, the total by the end of the year will have topped £200m. If it does not, it will not be the fault of the distillers who have pushed sales in their section in the first eight months to nearly £19m., a big jump from the £10m. worth sold in the same period of last year.

Beverages are now the second most important item on the Venezuelans' shopping list in Britain, exceeding electrical machinery and beginning to rival the most important item, non-electrical goods.

Venezuelan exports to Britain are, predictably, falling and totalled in the first eight months less than £44m., the result of Britain halving its off-take of the oil that it now produces for itself. Thus, despite

the disappointments Britain has an increasingly positive trade balance with Venezuela, augmented again by large receipts on the invisible account, particularly in insurance and remittances to the oil industry. Though it is difficult to estimate the precise amount coming to Britain on the invisible account, some authorities put it as much as £100m.

Rivals

How best to push up British sales to rival those of the U.S. and Germany is still exercising British trade representatives. Mr. Edmund Dell, the Trade Secretary, Mr. Ted Rowlands, Minister of State at the Foreign and Commonwealth Office, and Dr. Dickson Mabon have been recent visitors to Venezuela, while Britain has invited the Venezuelan oil and education ministers to talk here.

Attention is being given to the development of cultural and technological relationships in the longer term so that Britain is accepted as an important source of education and skills. Conclit, the Venezuelan Government's national science and technological research council, has opened an office in London with the aim of keeping abreast

of those developments of interest to Venezuela and establishing relationships between European and Venezuelan research centres and industrial centres.

Britain has become second only to the U.S. in the number of Venezuelan students it has taken for higher education under the Government's Gran Mariscal de Ayacucho scholarship scheme. Of the 1,400 Venezuelan students in the U.K. 1,076 are Ayacucho scholars with State bursaries. The British Council, which ineluctably took the decision to close its operation in Caracas, reopened in 1973 and now helps to administer the scheme in Britain.

The British Council office is also opening British cultural centres next year in Maracaibo and Ciudad Guayana, principally for the teaching of English. Direct academic exchanges are being planned between the Caracas Polytechnic and Sheffield Polytechnic in engineering subjects, between the Open University and the Venezuelan National Open University and between Hull Technical College and the Carupano Technical College for marine technology.

Hugh O'Shaughnessy

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RECENT DEBT FINANCINGS

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Bolivars 40,500,000

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Price 100%

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Central Office: 1977

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Bolivars 91,000,000

SIDERURGICA VENEZOLANA S.A.

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Price 100%

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C.A. TELARES DE PALO GRANDE

Common Stock Par Value Bs. 100

Price Bs. 110 per Share

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A firm grasp on the oil pump...

FOR A journalist accustomed to looking at the seamy side of things, writing about Venezuela's nationalised petroleum industry is a bit disconcerting. Since the Government took control of all foreign oil companies in 1976 and placed the country's \$5bn. industry under a holding company called Petróleos de Venezuela (Petroven), the results have been a public relations man's dream.

Unlike most government-run enterprises in Latin America which have justly gained reputations for bureaucratic fatulence, featherbedding, financial losses, corruption and gross inefficiency, Petroven is efficient, profitable and a roaring success. The holding company, with 23,603 employees and a highly-qualified management team made up entirely of Venezuelans, has suffered no traumas, no strikes, no shutdowns, no problems of significance. Petroven controls 14 operating companies, each a former affiliate of a foreign oil concern, and has a budget this year of \$2,333bn.

Since the day of the State takeover, Petroven has employed the services of multinational oil companies, who provide technological and marketing expertise under contract. These services, however, respond to the policy decisions dictated by Petroven's president and Board of directors.

During the first 18 months it ran Venezuela's giant petroleum complex, Petroven collected close to \$14bn. for sales of crude oil, refined products and natural gas. Out of this figure the State oil monopoly paid the national Treasury taxes and royalties totalling \$10bn., a sum which represents more than 70 per cent. of the Government's ordinary income.

Fortune magazine, which recently published a list of the 500 largest industrial corporations outside the U.S., ranked Petróleos de Venezuela in eleventh place, with sales last year of \$9.1bn. and net income of \$876.2m. This ranking put Petroven—only two years old at the end of August—ahead of such venerable institutions as Daimler-Benz, Volkswagenwerk, Bayer, Nippon Steel, Siemens, Imperial Chemical Industries, British Steel, Fiat and a host of others. Fortune also compiled a roster of the 50 largest industrial companies in the world (ranked by sales), and Petroven

Operators

The holding company's 14 separate operators showed combined earnings of \$244m. for the year, and only one of the concerns registered a loss. The \$5.6m. deficit in that company was due to the Government's policy of selling certain petroleum products (especially gasoline) domestically at prices below production costs.

Crude oil production during the nationalised industry's first year of existence averaged just under 2.5m. barrels per day, down 1.94 per cent. from the previous year's average. In order to conserve the country's diminishing level of proven crude reserves, the government began ordering cutbacks in production in 1974. Oil production has been dropping regularly since that year, when the daily average worked out to 2.98m. barrels per day.

Exports for the year averaged out to 2.15m. b/d, up slightly from 2.1m. b/d for 1975. 20 per cent. of exports went to non-traditional customers while the remainder was marketed by multinational oil concerns, chiefly in the U.S.

Although the Government has set its production goal at an average of 2.2m. b/d, market demand and the official sector's consistent tendency to over-spend have kept production above the target level. Venezuela's potential crude output is 2.7m. b/d, a level which



The source of Venezuela's wealth. Regulating the crude oil flow from an underground reservoir (left) and oil derricks on Lake Maracaibo, the most prolific oil producing area (right).

could be raised to 3m with investments for secondary recovery. However, the added production potential consists of heavy crude oils, since the country's deposits of light and medium-grade oils are already being tapped to the maximum. As an indication of how much the industry's production potential has changed over the past few years, crude output in 1970 averaged 3.7m. b/d, and the current level of 2.3m. b/d is the lowest point recorded since 1955.

Venezuela's proven crude reserves at the end of last year totalled 18.3bn. barrels, down slightly from 1975. However, Venezuelan oil expert, Gustavo Coronel, an alternate director at Petroven, wrote recently that beyond the nation's proven crude reserves are a probable 80bn. barrels of "possible" reserves amounting to between 40bn. and 80bn. barrels of recoverable petroleum. An important future source of Venezuelan petroleum will be the Orinoco Heavy Oil Belt, a wide strip of petroleum deposits in southern Venezuela with minimum reserves estimated at around 700bn. barrels. This reservoir, one of the world's largest, will require new technology in extraction and refining since it consists principally of high-viscosity crudes with heavy concentrations of sulphur and metallic elements. The Government is already moving ahead with experimental projects in pumping and processing crude from the Orinoco Belt so that it can be sold at commercially acceptable prices. Some Government petroleum experts are eager to see the belt developed rapidly, applying whatever technology is necessary to over-



come the disadvantages inherent in the unconventional oils located there. High Government officials, however, are approaching the belt cautiously and are proposing a relatively limited programme for developing its potential. The belt is seen as a political hot potato since foreign oil companies—and the United States Government—have eagerly expressed their interest in aiding Venezuela to exploit the massive reserves. The Pérez administration does not want to be criticised by opposition groups for permitting foreign companies to work actively in the Orinoco area only 18 months after the industry came under State control. At the same time, there is debate among Government petroleum experts as to how fast the belt should be developed, what kinds of foreign technology should be applied and how profitable its exploitation would be given current prices on the world market. President Pérez remarked not long ago that significant development of the Orinoco heavy oil reserves should be postponed until oil prices rise, thus increasing the profit margin on heavy crudes, which clearly will cost more than conventional oils to produce, process and refine.

In terms of exploration for conventional reserves, Petroven has been steadily increasing its expenditures in this area. Last year the company spent \$94m. for exploration out of a total capital investment outlay of \$330m. In 1977, Petroven's overall budget will reach \$2,333bn.—the largest amount ever spent in the industry's history—with 70 per cent. devoted to operating expenses and 30 per cent. to capital investment. Production took the lion's share (\$419m.) of capital outlays, while \$140m. was allotted to exploration and \$56m. to refining. At a recent Press conference marking Petroven's second anniversary, General Rafael Alfonso Ravard, president of the holding company, revealed that \$233m. would be invested for exploration in 1978 as Petroven begins an ambitious programme for seeking light and medium-weight crude oils at inland and offshore sites. The general noted that exploration in Venezuela had stagnated over the last two decades as private oil companies in Venezuela directed their efforts at production and consolidation. He pointed out that, while the private concessionaires employed around 800 geologists and exploration engineers several years ago, the number of specialists in exploration had now fallen to 150.

The Petroven president also stated that investments totalling no less than \$1.16bn. would be needed over the next few years to alter Venezuela's refining

capacity so that more petrol can be produced. In Petroven's annual report for 1976, the holding company's Board states: "Starting in 1978, investments must reach a level of approximately Bs.7bn. (\$1,633bn.) per year. Investments for exploration, production, refining and research require from three to ten years to become productive."

publicity in Venezuelan newspapers. The stories reported that the Government had temporarily suspended a number of tax suits lodged against former concessionaires which were affiliates of Exxon, Shell, Gulf and a score of other firms, while the two sides sought to work out agreements on hundreds of claims and counter-claims involved. Both parties are eager to see the administrative and court claims settled but Government spokesmen have said that the review process will take some time. Information Minister Diego Arria said that a Government panel reviewed the claims—some of which date back to 1967—would probably not produce any results until early next year.

Government officials such as the Ministers of Finance and Energy took great pains to inform the public that the Pérez Administration had no intention of "selling out" the multinationals, and that working out mutually acceptable agreements on the matters was perfectly normal.

The matter was complicated, however, when former Petroleum Minister Juan Pablo Pérez Alfonzo, a co-founder of OPEP and a highly respected old statesman in Venezuela, told local newspaper "A responsible Government doesn't compromise" with the multinationals. "When government-like the present one overdraws its debt, it compromises itself. They need to end up trying any means and they give up, even though the nation loses out."

Needless to say, Pérez Administration officials were not amused, and at least one Government spokesman reiterated the position that negotiations with the oil companies were being conducted on the national interest. In the meantime, the company executives are keeping a low profile and hoping for the best. They are still concerned about another, unrelated tax claim made against former concessionaires by Venezuelan Comptroller General last year. The Comptroller said that foreign companies could have their payments to the Government—previously 1977-78, and thereby owed a tax of about \$604m. The executive branch was completely caught off guard by the unexpected complaint from the independent Comptroller's office, and cannot directly influence the outcome. But it is clear that the executive is not supporting the Comptroller's initiative, and hopes that the issue will be quietly laid aside. In this case, the oil companies are of ill mind.

Client Venezuela's most important client continues to be the United States, and Petroven officials see no reason why this relationship should change. Last year, the Government oil company shipped 88 per cent. of its export volume to markets in the Western Hemisphere, chiefly United States, Canada and the Caribbean. Crude oils—included 45 different grades—constituted about two-thirds of these exports, while refined products (chiefly fuel oils) made up the remainder.

Thirty-four per cent. of all Venezuelan exports in 1976 reached the U.S., while an equal share went to customers in the Caribbean and 12 per cent. to Canada. Eight per cent. of exports went to Central and South America, 11 per cent. to Europe and 1 per cent. was used for international bunkers. The North American market receives Venezuelan petroleum through direct exports, and through crude which is sent to Caribbean refineries and later sold to American customers in the form

of products. Refined petroleum exported last year amounted to 785,000 b/d, of which 77 per cent. were fuel oils and one-third of this figure low-sulphur oil. A major part of this went to the United States East Coast and Venezuelan shipments to the area represent approximately one-third of total U.S. fuel oil imports. In its search for new clients Petroven's marketing stresses not only the country's reliability as an oil exporter, but also the wide variety of crude oils and refined products available. Venezuela further attracts customers a flexible industry with 12 refineries, of which has a capacity for processing 490,000 b/d of crude, making it the largest of its kind in the world—and a storage capacity of 120m. barrels.

Petroven, which already maintains a fleet of 20 oil tankers, recently announced that it will add 14 ships to its fleet between now and 1982. Aside from the standard practice of replacing older ships, the Government oil company wants to expand its tanker fleet in order to achieve greater flexibility in supplying new markets. A Petroven official said that the new additions would probably be purchased from the purchase of two new ships. The company's fleet is estimated to be worth \$1,000m. and made up of 100 per cent. owned by Petroven and an equal number of chartered vessels.

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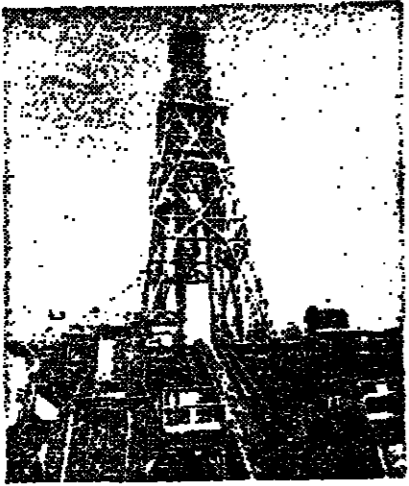
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A National Enterprise on the move, entering its third year of activity.

Petróleos de Venezuela S.A. started its third year in existence on September 1st 1977. It is Venezuela's National Oil Company,



wholly owned by the Venezuelan state. The company and its subsidiaries in turn own and operated the entire Venezuelan Petroleum Industry in all its phases. The year 1976 ended with production averaging slightly less than 2,300,000 barrels of crude oil a day.



Export sales in 1976 were slightly higher than in 1975 2,156,000 barrels per day compared with 2,100,000 barrels a day.

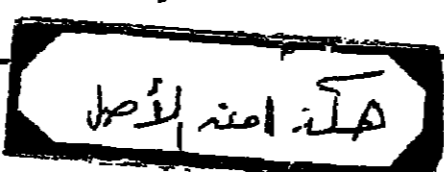


Since 20 per cent of the total volume was sold to non traditional customers, a satisfactory level of export diversification was achieved. Confidence in the nationalized Oil Industry as a secure source of supply has been reaffirmed by its customers, and the industry has proved, at the same time, its ability to secure new markets.



Total capital expenditures amounted to approximately Bs. 1,400 million (dollars 330 million) in 1976 an increase over previous years. The largest share, some 87 per cent was spent on exploration and production to maintain the production potential and to minimize reduction in oil and gas reserves.

PETROLEOS DE VENEZUELA La Empresa Nacional



... and growing control of distribution

WHEN PETROLEOS de Venezuela (Petroven) took control of the country's newly-nationalised oil industry at the start of 1976, it relied on foreign petroleum companies for virtually all of its marketing outside Venezuela. The big multinationals—mainly Exxon and Shell—had finally agreed to lift about 1.3m. barrels per day of Venezuelan crude and refined products following several months of negotiations which sometimes encountered serious complications.

These agreements guaranteed Venezuela a basic income that would satisfy the needs of the national Government and of Petroven itself. Remarkable recently upon the tension that Venezuela's leaders and oilmen felt during this crucial stage of talks with the multinationals whose affiliates were about to be nationalised, President Pérez said: "It seemed during those months that the country was going to fall into a void."

Affiliate

Since 1976, though, Petroven and its affiliate companies (now numbering 14 operating units but soon to be consolidated into between five and seven companies) have set up an active marketing system which allowed the nationalised industry to secure itself a healthy share of new markets. Last year, the industry sold 20 per cent. of its total exports (2.15m. barrels/day) to non-traditional clients using its own, newly-developed marketing expertise.

Dr. Alirio Parra, an international oil expert and one of Petroven's directors, said that

the goal this year would be to market some 530,000 barrels to new clients, or about a quarter of the nation's exports. Petroven's goal is not to push aside the major foreign oil companies, who will continue to play a vital role in placing the greater part of Venezuela's crude and refined products on markets abroad. Rather, it is to give the firm more overall flexibility, develop native marketing expertise and to take advantage of the many sales opportunities available to this new international oil concern. Naturally, the Government also sees Petroven's marketing efforts as an important asset were sales to traditional customers to fall off.

In international oil trade, security of supply is essential, and Petroven has demonstrated to both new and traditional clients that the State-run enterprise is functioning smoothly, efficiently and responsibly. The State oil monopoly offers a much wider range of products than most Middle East oil producers, with over 60 types of crude oils and between 80 and 100 specifications of refined products. Three Petroven affiliates—Lagoven, Maraven and CVP—are the operators which market Venezuelan crude and products abroad. (Lagoven was formerly the Exxon affiliate—Creole—while Maraven is the State company which replaced Shell de Venezuela. CVP is the Corporación Venezolana del Petróleo, a State-owned concern set up during the past decade.)

Petroven's policy has been to reach a wide range of new customers who are generally final users rather than intermediaries, traders or other oil companies. Among these new clients—numbering about 50—are power authorities, small refineries, distributors of products and Government entities. They are located throughout Latin America, Europe and the U.S. Government-to-Government agreements are now in effect between Petroven and State concerns in Spain, Brazil, Argentina, Uruguay, Italy and other countries.

Client Venezuela's most important client continues to be the United States, and Petroven officials see no reason why this relationship should change. Last year, the Government oil company shipped 88 per cent. of its export volume to markets in the Western Hemisphere, chiefly United States, Canada and the Caribbean. Crude oils—included 45 different grades—constituted about two-thirds of these exports, while refined products (chiefly fuel oils) made up the remainder.

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Steel in the industrial van

ON THE hot, arid plains of Guayana in south-east Venezuela an army of nearly 12,000 construction workers, engineers and planners is erecting the country's largest steel mill, a \$3.4bn. bet the Government has placed on its future.

The State-owned CVG-Siderurgica del Orinoco C.A. (Sidor) is now in the third year of carrying out an expansion scheme called Plan IV, which will raise steel output from the present peak capacity of 1.2m. tonnes per annum to 5m. tonnes of liquid steel per year by the early to mid-1980s.

Sidor, which accounts for nearly all of Venezuela's steel production, has been anointed as the symbol of the country's march from under-development to industrialisation. Its expansion is the most costly programme currently being financed by the Venezuelan Government and is considerably more complicated than running the nationalised petroleum industry, an enterprise that was already functioning smoothly when the Government took control in 1974.

The expansion—which actually involves building a massive new steel mill alongside the existing facility—is aimed at demonstrating Venezuela's ability to develop and manage heavy industry on its own, supplying the bulk of national demand with domestic steel and giving visible proof of the country's determination to "sow" petroleum wealth in a sensible, remunerative project.

Sidor forms the central component in the Venezuelan Government's development of an industrial centre at Ciudad Guayana on the Orinoco River. The steel plant is fed by nearby deposits of high-grade iron ore from Government mines, and powered by the State-owned Guri hydroelectric complex on the Caroni River. Two large aluminium plants, a farm tractor factory, bauxite and gold mining, a vast timber reserve, an expansion of the Guri complex and a number of other Government and mixed-capital projects are being elaborated simultaneously in the Guayana region.

In addition to the Sidor project, the Venezuelan Government is also pushing ahead with preliminary work on a 5m. tonnes/year steel plant in Zulia State. The British Steel Corporation recently signed a management contract for the Zulia mill, whose first stage is scheduled for completion in 1982.

Sidor's old plant, on stream now for several years, showed mixed results for 1976, chiefly due to equipment failure and a shortage of qualified personnel. The overall efficiency of this plant has been diminished by the transfer of skilled workers to jobs on the Plan IV project. And company executives are also concerned by increasing militancy among far-Left union leaders who have established a firm foothold among Sidor employees.

Products

The company reports that sales last year, principally flat products, pipes, rods and wire, reached the highest level ever at 1.3m. tonnes. Over 98 per cent of this was sold to Venezuelan customers. Raw steel output was just over 754,000 tonnes down from 1975. The company is able to sell more steel than it produces by importing semi-finished items which are then processed at the flat products plant and re-rolled.

Sidor's total income for 1976 was \$421m., up from \$365m. the previous year. However, net earnings last year were \$18.4m., down from the 1975 mark of \$25.6m. The firm's net earnings over the past five years reached their peak in 1974 with revenues of \$30.2m., up about 12 times over the 1972-73 period.

This year the company expects to sell 1.7m. tonnes of steel, and predicts local production of 900,000 tonnes. Sidor will also import 506,000 tonnes of semi-finished products and 537,000 tonnes of finished products for resale.

Although these figures do not suggest a high degree of success at the company's main plant,

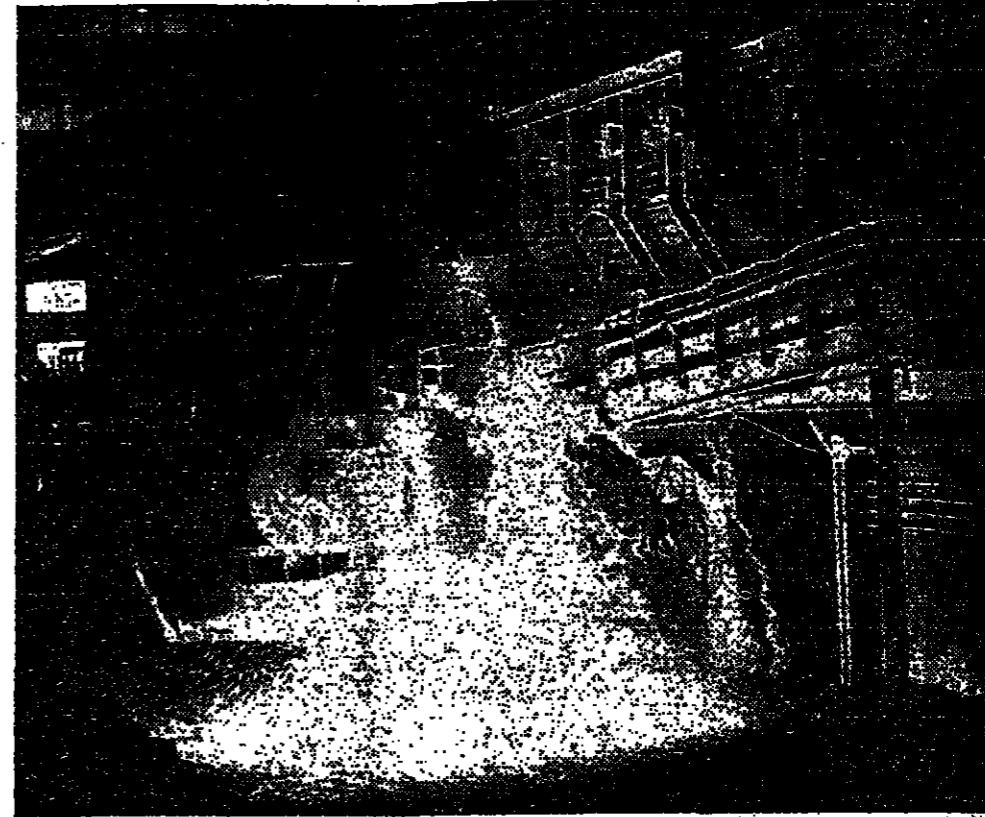
efficiency there will probably continue to suffer as long as skilled manpower is siphoned off to the Plan IV installations. Like many other projects under way all over Venezuela, shortages of skilled workers and professionals at Sidor have proved to be critical. Unless the Government moves to import experienced personnel on a fairly large scale, both the expansion work and regular performance of Sidor's old plant will be slowed down.

Work on the Plan IV facility, which will both increase steel output capacity and allow the company to manufacture new steel products for other industries, is behind schedule, but is advancing at a reasonable pace.

The Plan IV physical installations were scheduled for completion by early 1979, but estimates now put the date closer to 1980. In addition, Sidor expects a three-to-five-year start up period. This means that while steel production may begin in 1978-79, the company will not be able to start selling steel until around 1982.

Sidor's workforce, which stood at 6,362 in 1972, had almost doubled by the end of last year. The company reported 11,769 persons on its payroll at year-end, nearly half of whom were at work on Plan IV. As construction continues, the number of employees is expected to reach 13,500 by 1979. And when the new plant becomes operational, some 13,000 jobs will be created, bringing the total workforce to more than 20,000 persons—almost as many as are now employed by the oil industry.

The Plan IV facility actually comprises a number of individual plants, which will occupy 1,000 hectares alongside the present Sidor factory. Among the units included in Plan IV are: a pelletising plant and lime plant used in ore preparation; four direct reduction Mydrax units and four HYL units; ten electric steel-making furnaces; six continuous casting units; lines for producing reinforcing rods and wire; expansion of hot



The state steel mill SIDOR in Ciudad Guayana, at which it is planned to increase production from 1.2m. tons a year to nearly 5m. tons a year by 1980.

and cold rolling mills, and a host of support facilities. In a recent evaluation of Sidor's progress, a private Venezuelan consulting group pointed out a number of problems facing the Government project. Among them were: Severe housing shortages, poor public services, lack of water, hotels, schools, hospitals, and hotels, poor roads and paralyzing traffic jams and the highest cost of living in the country plague workers in Ciudad Guayana, near the new steel mill. Unprecedented growing pains are affecting Ciudad Guayana, whose population will rise from 226,000 (1976) to around 400,000 by 1979. No railroad has yet been begun, as had been planned, in

order to move steel products out of the Guayana area and production reaches steady levels. (Highways will be insufficient to transport large quantities of steel.) "Serious problems" have shown up on the two Midrex and HYL process units already built: these start-up problems should be solved, however, according to experts. Salary scales at Sidor are lower than in private industry, thus inducing employees to gain experience at the Government's expense and move on to better paid jobs elsewhere. There is a need to import several thousand skilled workers, men, engineers and professional local training programmes cannot meet the steep rise in demand. Steps are required to boost productivity and cut absenteeism which has adversely affected the old Sidor plant, which is estimated to be \$3.4bn. is being undertaken principally by the Government-owned Venezuelan Iron and Steel Installations. In spite of these hangups, Government officials and others are generally confident that Plan IV will be completed successfully. The Government is attempting to solve housing shortfalls by selling up prefabricated housing, purchasing mobile homes and building thousands of other living units. The CVG, a regional development agency responsible for Sidor and all other projects in the Guayana area, even went so far as to purchase the Italian liner "Cristoforo Colombo" for use as a floating hotel, at anchor in the Orinoco. The Government is also pushing ahead with a range of training programmes for skilled and semi-skilled workers, and has

sent 5,000 Army reservists to intensive courses in Spain for intensive combat. Both the CVG and Sidor on efficient organisational management teams. Other Government private sector agencies are attempting to solve the most serious problem: the most serious problem is that even the best of these executives will not be enough in the face of a galaxy of problems could the ambitious Guayana project. In the end, it becomes a matter of how the Government sets its priorities. central Government programmes cannot meet the steep rise in demand. Sidor and other projects will be unavoidable. Financing for the project is estimated to be \$3.4bn. is being undertaken principally by the Government-owned Venezuelan Iron and Steel Installations. In spite of these hangups, Government officials and others are generally confident that Plan IV will be completed successfully. The Government is attempting to solve housing shortfalls by selling up prefabricated housing, purchasing mobile homes and building thousands of other living units. The CVG, a regional development agency responsible for Sidor and all other projects in the Guayana area, even went so far as to purchase the Italian liner "Cristoforo Colombo" for use as a floating hotel, at anchor in the Orinoco. The Government is also pushing ahead with a range of training programmes for skilled and semi-skilled workers, and has

State mining prospers

THE TAKING into state ownership of the enormous oil industry is not the only act of nationalisation which has gone well in Venezuela. At the start of 1975, a year before the takeover of the enormous oil industry, President Carlos Andrés Pérez climbed to the top of Cerro Bolivar, a mountain of iron ore in the Guayana region and symbolically hoisted the Venezuelan flag over what had been the concession of a subsidiary of U.S. Steel. At the same moment the Venezuelan government took control of the smaller concession which had been awarded more than forty years before to Bethlehem Steel. The U.S. Steel and Bethlehem interests were then merged into one state company, Ferrominera Orinoco, and the government started paying out the agreed \$100m. compensation for the book value of the assets.

Though the intricacies of running a mechanised iron mining operation do not compare with those operating one of the biggest oil industries in the world, they have been a fair test of the managerial abilities of the Venezuelan public sector. It has passed the test with good marks. In the first two full years of operations the company has earned \$279m., nearly 20 per cent more than the state took from the operation of the two U.S. companies in the previous two years. This result was mainly the product of a big upturn in the prices of Venezuelan ore. Ferrominera Orinoco's sales in 1975-76 only about 80 per cent of the volume which had been sold in the previous two-year period, just over 37m. tonnes compared to nearly 48m. tonnes.

As in the case of the oil industry, the maintenance of operations at the mines was no particular problem for the company: given that the bulk of the staff in the time of the U.S. concessions was Venezuelan. The new company, like Petróleos de Venezuela, has had to master the skills of international marketing, cushioned with the knowledge that U.S. Steel is taking a minimum of 11m. long tons a year from the concession it used to own, and Bethlehem 3m. from its former property.

British Steel was and continues to be a good customer of Venezuela, buying 2.7m. tonnes in 1975-76, third in importance in Europe to Germany (3.4m. tonnes) and Italy (4.2m.). But as development plans become realistic, more and more Venezuelan ore will be made into steel domestically.

Expansion of SIDOR, the state steelworks not far distant from Cerro Bolivar on the Orinoco River, is to expand its capacity from the present 1.2m. tonnes of steel to 5m. tonnes by the end of the decade and at the other end of the country at Maracaibo a whole new steelworks is to be constructed to take advantage of the large coal deposits nearby. The Maracaibo plant is expected to be producing another 5m. tonnes by the end of the next decade.

With local and domestic demand in mind Ferrominera Orinoco is spending nearly \$80m. on doubling its ore crushing facility at Puerto Ordaz to handle up to 14m. tonnes of ore a year. The industry is also beginning to experiment on a large scale with the local reduction of its iron ore, and a mixed public/private sector enterprise, Fior de Venezuela, is now putting together a plant capable of producing 400,000 tonnes of high grade ore a year.

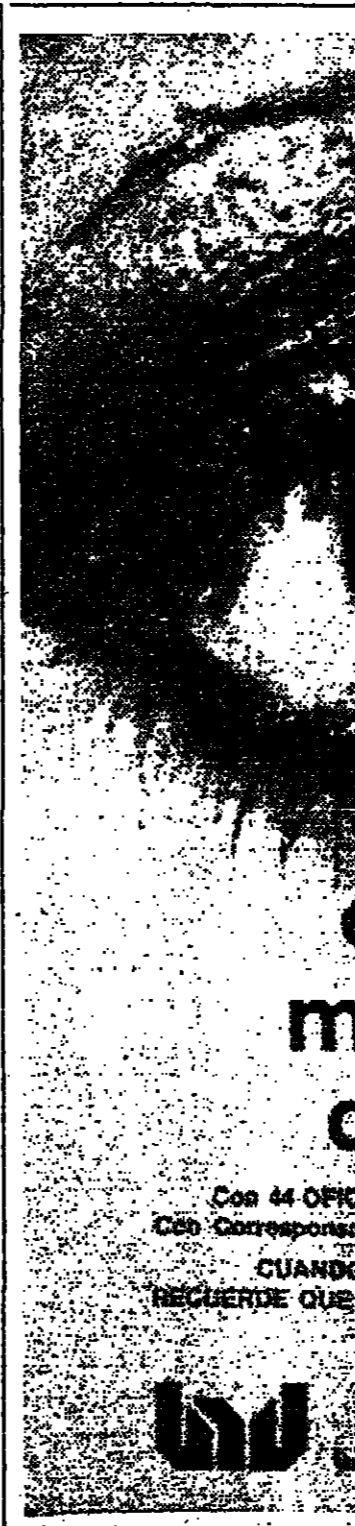
Bright

The coal mining industry could have a very bright future. At the moment five private mines at Lobatera in the state of Tachira produce a mere 89,000 tonnes a year. But the government is beginning to put into effect plans to bring back into production the mines at Naricual, near the industrial town of Barcelona and, more importantly tap the very big seams of bituminous coal found some 50 miles west of the city of Maracaibo, near the Colombian border in the state of Zulia.

The pilot project envisages an annual production of about 60,000 tonnes. The enthusiasts for the Zulia field are to-day talking in terms of an output of up to 10m. tonnes a year by the end of the next decade. There is no doubt that the coalfield would be able to produce that amount. Whether it would be able to do so economically and be able to export with profit any surplus at world market prices is another question. The Ministry of Energy and Mines is still studying the project and has contracted a coal industry economist from Britain to give advice about the speed of development of the industry.

In the gold mining industry Britain and Germany, in the shape of Thyssen and Head Wrightson, are putting up a \$16m. gold mining and refining complex at El Callao to the south-east of Ciudad Guayana.

They are acting for an arm of the Venezuelan Investment Fund, a mining investment company called Minerve. Capable of handling 700 tonnes of ore a day and refining the gold content into ingots, the plant should start work next year. The gold content of the ore at 22 gms. per tonne compares favourably with the average gold content of South African mines.



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VENEZUELA VIII

Big



Carlos Andres Perez

NO ONE would call Carlos Andres Perez, Citizen President of Venezuela, an introvert. Under the banner "Democracy with Energy" and with a highly publicised set of tours round the country some undertaken on foot, Perez won the presidency for the Accion Democratica party and for himself in 1973. Since then his booming voice and loud laugh have come to be known in many countries which he for Venezuela's new-found importance compels him to visit. Consciously or unconsciously he has modelled himself on Simon Bolivar, the Liberator, who freed Venezuela and much of the rest of Latin America from Spanish colonialism.

He has climbed the Cerro Pinar in Bolivia, a country named after the Venezuelan hero. He has gone to the Gulf to commune with Venezuela's partners in OPEC, he has lectured the U.S. people through the columns of the New York Times. Sometimes the tasks he has set himself and the country have proved beyond his capabilities.

Despite his expressed desires, Cuba has not moved near to pluralist democracy since Perez took over the presidency in March 1974 and Argentina has not become noticeably more democratic since General Jorge Rafael Videla was ousted to his arguments during the Argentine President's trip to Caracas earlier this year. But at least no one can accuse him of not trying to change the world.

Born on October 27, 1922, at

Rubio in the Andean state of Betancourt, one of Accion Democratica's founders who became provisional president on the overthrow of General Isaías Medina Angarita. Two years later he was combining studies at law school with being a deputy for his native state of Tachira.

In 1948 Perez married his boyhood sweetheart from Rubio, Blanca Rodriguez who has zoomed on to produce him six children. The same year saw the snuffing out of the brief candle of Venezuelan parliamentary democracy as the military took over and prepared to put on the throne one of the most egregious of modern day Latin American dictators, General Marcos Pérez Jiménez.

The next ten years for Perez as for many of his comrades in Accion Democratica, were ones of imprisonment and exile as a result of which he was never able to finish his law degree. After a period of imprisonment and exile he was making his way back to Venezuela clandestinely to help set up a network of opposition to Perez Jiménez when he was captured on the border by the Colombians who swapped him for a Colombian guerrilla leader whom they promptly executed. Perez himself was kept in a jungle prison camp for a time before going into exile until

the fall of Pérez Jiménez in 1958. Panama, Cuba, Costa Rica and Colombia all successively provided homes for the Pérez family until the day that the dictatorship was overthrown, won the presidency for Accion Democratica and Carlos Andrés went back to being a deputy.

The heroic days of the party were virtually over and Perez had won his share of campaign medals.

The principal challenge left was that presented to the Betancourt government by the Left wing guerrillas. Perez was given the Interior Ministry where he gained a reputation for toughness.

He showed a similar toughness in pulling Accion Democratica together as party secretary after COPEI won the 1968 elections and President Rafael Caldera came to office.

It is too early to come to a definitive judgment on Perez as president. That he has taken a political line which has often upset party members is evident. It is equally evident that some of his cabinet nominations have been reviled by party stalwarts who have accused Perez of talking too much, achieving too little and tolerating too much sharp practice in government circles.

But though it is premature to come to a definitive judgment about his presidency he will always be able to boast that during his time Venezuela's main asset, its oil industry, reverted without upset into Venezuelan hands.

H.O.S.



Valentin Hernandez

ONE OF the most influential public figures in Venezuela is also one of the least known. Valentin Hernandez has been Minister of Energy and Mines since the beginning of the presidency of Carlos Andrés Pérez. Unlike some of his cabinet colleagues he is not an assiduous speechmaker, he does not go to all the parties, does not seek the headlines and, one suspects, harbours no great political aspirations.

He has, however, been an essential figure in the momentous, complicated and generally successful nationalisations of the iron ore and petroleum industry which have radically altered the balance of power in Venezuela.

A technical man by training, Hernandez spent more than a decade in Venezuelan embassies in London, Bucharest and Tripoli. There he acquired the grasp of the international importance of his country's oil industry which has enabled him to play a particularly important role in the councils of OPEC.

Talking one morning recently in his 25th floor office at the top of the Centro Simón Bolívar in the centre of the capital Hernandez underlined his concern for conservation—and not just of oil. He makes no secret of the fact that he is pleased to have presided over the Ministry at a time when production has been falling. He is also keen that at a time when local consumption of oil is soaring Venezuelans should learn to value their oil more. He is in favour of a modest rise in oil and gas prices in Venezuela though he realises that any such move presents great political problems.

He is also keen that the pace of development in mining should be a moderate one. "I can't see the sense in digging up some metallic ore the taken 30m. years to produce for \$10m. or a year in exports we Venezuelans are happy to \$100m. or more on some of civil engineering," reflects.

Though he is a conservative Hernandez says he does share the nostalgia for the days when the oil industry in its infancy that some conservationists make great with. "The Caracas of the 1930s was a great place," he says. "For oil was well. My father went during the depression and knew what it was like without money."

He also blesses much material progress that has in the wake of the oil which has enabled Venezuela pull itself out of its backness.

"When I was young we in San Fernando de Apure the great southern savanna I'm in my early fifties no I can remember when the water closet was installed in Fernando, remember the water closet was invented in Europe in the 18th century and it took until the early 20th century to get to San Fernando." One of the reasons I'm in for of the prosperity the oil has brought us."

He looks back with pleasure on the year he spent as an attache at the Venezuelan embassy in London in the 1960s. "I sent my daughter Mabel to London a few years ago and Dick Mahon, an Energy Minister very I took her round the House of Commons and gave her a tour. She's gone mad about it and wants to stay there," sighs. "You can never see some people."

H.



Hans Neumann

SCRATCH MANY Latin American millionaires and you find Right-wingers of the most extreme sort who are willing to justify any and every political abuse as long as untrammelled free enterprise reigns supreme. Hans Neumann is a refreshing exception.

Neumann, his brother and two friends arrived in Venezuela in 1949 from Prague having decided that they did not want to go on living in Czechoslovakia after the Communist coup of the year before. Neumann's father, a Sudeten German married to a Czech, had built up a paint and pigment business so the two brothers and their friends did not arrive in Caracas penniless. The family gave them \$94,000 which they invested in a paint factory they built on the outskirts of Caracas.

"We built just outside the city limit. Everyone thought we were mad and we couldn't find anyone who wanted to come into the venture with us." Today the Neumann group of industries, Corimun, which includes the country's leading paint manufacturer, a packaging group and a small constellation of smaller concerns is about to go public as Neumann offers a quarter of the shares for about \$5m. holders. Those who turned down Neumann's suggestions of partnership 25 years ago must be kicking themselves.

The locality in which Neumann chose to set up Pinturas Montana, at Los Cortijos, is now one of the busiest industrial sites in the city, surrounded by factories.

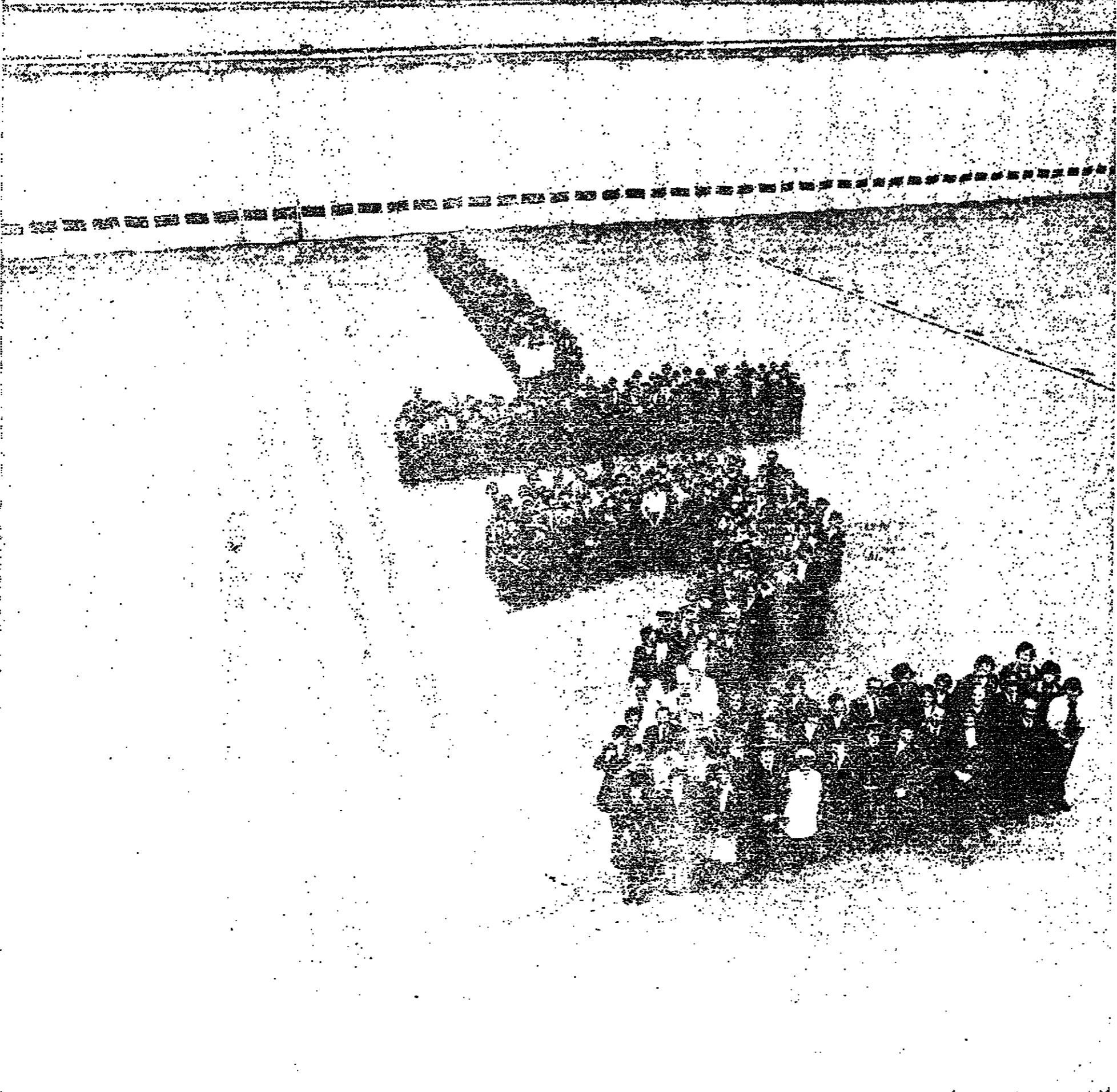
"Dictatorships of the Right of the Left don't work if long run," Neumann says you squash the opposition for a couple of years dictatorship can get things quickly. But soon it starts in its way as it loses the bit of criticism. The mis start accumulating."

At the same time Neumann distrustful of situations of political power and economic power are in the same hands. "Since the recent nationalisation that has begun to pen," he says. "But the Government is aware of dangers of the situation and doing its best to cope by training decision making."

Naturalized in 1954, Neumann considers himself Venezuelan now though in is recognisably a Central European style of English wryly admits that given German and Czech backgrounds there is no language he speaks properly.

"I feel myself Venezuelan through and through. My brother has retired now and lives in Switzerland. He could never live in Switzerland or indeed Europe where you constantly get to watch out you break a law. Here there is a great deal more freedom of independence. It's not so forcing. Europe is too and too drab in comparison Venezuela."

H.C.



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كانه امنه الاصل

مكتبات الأصيل

Araven



Big transport projects

OME long delays and starts. Venezuela is along smoothly, work on the roadstead steadily with next year. The Government had package of trans-ports that will eventu-ally be the nation's first.

Government is cutting through its overcrowded city, enlarging the street of its nationalised west and including 22 passenger highways all over the country.

President Perez only signed an agreement for erecting a major facility in western Venezuela, a consortium which is act a billion-dollar

way project, which is he effective operation industrial programmes stream in south-east involves building a ne that is to be the th of a 3,900 km. allway system which ment expects to com- end of the century. i, line now being laid clude a main section the growing indus- of Ciudad Guayana ith east to the city of de los Morros in Venezuela, plus a short ie to the Tuy Valley

racas. natives of Spanish dian groups, who to- ld an 80 per cent. on in the project, Caracas recently to ut final details with n partners. The n Canadian roles in t are already defined. nents have been made ing responsibilities to he majority partners. dians do the design eering work on the nd will provide most ling stock. Spanish will have principal lity for actual con- of the line, training of n personnel and management for an

ians, who hold a 20 share in the Govern- ced scheme, are to sponsibilities on the and will supply local The project will be nt under the super- the Government rail- y, the Instituto Auto- ministración Ferro- vel Estado, headed by soe Agostini.

h the Government has high priority to the of its national railway- the country now has 200km. of lines), if a long and difficult ach an agreement on t. Even at this point, working on the pro- sult a number of ve yet to be worked

December the railway (LAAFE) accepted six groups represent- t Germany, Brazil, Venezuela, Spain, and Italy, with aging from \$959m. to \$2,580m. (West). The wide differences principally to the fact Government had requirements for use rather vague terms. Rai had expressed interest in the Ven- equest and had formed ortium called Avazit a bid. However, BR t last October, assert- number of key com- sions were unaccept- mder. Consortia from France and Japan had ed preliminary tender but opted not to pre- in December.

er complication arose when the Government d it had decided to six bids, but asked dians and a Spanish- in consortium (whose 1.3bn.) to form a new ich would build the While neither the or the Canadians were by the proposal, the tually worked out an i which was quite to both sides.

way partners have not d on a figure for the e 700km. stretch, but e predicted that the ld be lower than the anadian bid of \$959m. figure, though, cannot nt until the Vene- nment gives a bet- ion of what it consti- nial in the system. If

to improve domestic agricul- tion were apparently wiped out

to improve domestic agricul- tion were apparently wiped out

for over a decade, but successive Governments were either unwilling or unable to make a real start on the project. After waiting on the issue for over a year, the current administration finally gave the green light to the Pro Patria-Petare line. Up until then, the Metro had consisted of one station (and no track) in Western Caracas.

Work on the east-west trunk line, planned for completion in 1982, is proceeding steadily despite the problems inherent in building an underground through the heart of a crowded city whose streets are already choked with traffic. Caracas, set in a spectacular valley several miles from the Caribbean, has a relatively small population (around 3m.) compared to other Latin American cities like Buenos Aires or Mexico City. It nonetheless has extremely high population density since most of its residents live and work in a limited area enclosed by the narrowest parts of the valley.

Repair

In order to create a few traffic problems as possible during construction, the Metro office has decided to cut and cover only the areas around each station. Sections between stations will be completed by tunnelling, a process that raises costs considerably. About 90 per cent of the Pro Patria-Petare line will be subterranean.

During the recent visit of King Carlos of Spain to Venezuela, the two governments signed an accord whereby the Spanish will erect a \$255m. shipyard for construction and repair of vessels on the Paraguana Peninsula near the western oil-producing capital of Maracaibo. A joint company (Astinave) made up of the Venezuelan Government's naval industry institute—Covinca—and Astilleros Espanoles S.A. (ASEA) will carry out the project, with 55 per cent Venezuelan capital participation and 45 per cent Spanish. Firms from West Germany, Italy, the U.K., Holland, Japan, Sweden, Argentina, Belgium, Denmark and Spain com-

peted for the shipyard contract. In announcing the Govern- ment's decision on the facility in July, President Perez said that the yard would be able to turn out six vessels per annum ranging between 15,000 and 75,000 dwt. It would also be able to build ships as large as 120,000 dwt and would repair 135 units per year of up to 90,000 dwt. The yard will generate over 5,000 direct jobs and should create employment for over 16,000 other workers.

The Government expects that tankers, cargo bottoms and bulk-carriers produced at the Paraguana shipyard will be able to cover a substantial portion of Venezuela's national demand.

Part of the production from this new yard may go to the Venezuelan state oil monopoly—Petraven—which plans to add 14 ships to its 20-vessel tanker fleet between now and 1982. The ships for Petroven's oil fleet will be in the 30,000 to 60,000 dwt range, and most will be purchased by the company rather than leased. Petroven now has ten of its own and an equal number under lease, totalling 700,000 dwt. The firm will need these new tankers as it moves ahead in marketing more of its own petroleum directly, rather than through the multinational oil companies.

In addition to these major projects, the Government is also carrying out:

- A \$1.2bn. programme for new highway construction, of which \$376m. will be spent by the end of this year.
- Purchases of sophisticated air navigation equipment valued at more than \$87m.
- Seaport expansion programmes which will cost \$233m. over the next few years.
- Enlargements of Venezuelan flag air carrier fleets. The Venezuelan international airline, Viasa, recently announced the purchase of three DC-10 jets for passenger use, and the Government owned domestic line—Aerpostal—this year bought several new DC-9-30 passenger craft.

J.A.M.

Modernising agriculture

IN VENEZUELA there are cows that fly. Well, at least some do. About a thousand calves come to Venezuela every month on jet transports. The Venezuelan Government leases giant cargo planes in the U.S., loads them up with breeding calves in Central America and flies them to Caracas.

This cowlift does not represent a new kind of tourism directed at the well-heeled bovine population of Central America. Rather, it is part of a Government programme to help Venezuelan cattlemen boost beef production.

Last year heavy flooding did severe damage to some parts of the country, while a long drought struck other areas. Both crop and cattle farmers suffered from the harsh weather conditions (more rain fell in some sectors than had ever been recorded) and domestic food production slumped by a dramatic 8 per cent.

In some countries, a drop of this magnitude in production would not be very significant. But it was a sharp blow for Venezuela, a country which depends heavily on imported food-stuffs and which has invested billions of dollars in agriculture since 1974.

The results were felt keenly by consumers in March and April when grocery stores all over the country began to run out of meat, milk, eggs, poultry, beans, rice and coffee, all of which are staples in the Venezuelan diet. After lines grew longer at butcher's shops and supermarkets and housewives complained angrily to local newspapers, the Government decided that it could not import enough food by itself and lifted restrictions on private sector imports.

The flood of imported food-stuffs since then has been unprecedented, with most products being airlifted in to avoid weeks or months of waiting on cargo ships at Venezuela's congested ports.

The flying cattle cars, however, were part of a Government programme that began before this spring's food shortages. Since taking office in 1974, President Carlos Andres Perez has assigned high priority to improving domestic agricul-

Debts

Furthermore, the Government wiped out old agricultural debts, offered tax relief to anyone engaged in agricultural or agribusiness, raised minimum prices to producers, lifted tariffs on imported farm implements and obliged commercial banks to place 20 per cent of their loan portfolios in agricultural projects.

But for one reason or another, the Perez Government's progress in agriculture has been marginal in comparison to the vast sums of money spent on the sector. Even if flooding and drought had not been factors last year, Venezuelan farmers would still have been forced to cope with problems that are traditional in this South American republic: poor co-ordination and low efficiency in Government agricultural programmes; a lack of technical advice on pests, plant diseases, etc., when it is urgently needed; shortages of seed, fertilisers and equipment; a dearth of farm labour and a Ministry of Agriculture, "which according to one farmer, "would help us most if it disappeared."

Prospects this year, though, seem considerably brighter. Flooding and drought in cattle-raising regions have not been notably bad, and President Perez announced that 1977 would see "the biggest harvests in the history of Venezuela."

In all fairness, it should be noted that, while agricultural output did rise significantly in 1974 and 1975, greater buying-power among many poor and working class Venezuelans caused demand for popular food-stuffs to rocket upwards. Thus any gains registered in produc-

by manifold increments in demand.

Over the last year or so, the Perez administration's initially unlimited optimism over prospects for agricultural transformation—prompted by seemingly limitless financial resources—has been dampened by experience.

When discussing national agriculture, the President now stresses that real improvement in the sector will be slow in coming due to the many difficulties inherent in creating a solid agricultural infrastructure in Venezuela.

The Government has also been sensitive to criticisms that part of over \$500m. in official credits made to farmers since 1974 has been spent on anything but agriculture, including apartments in Miami, new yachts, private planes and vacations abroad. Although the Government has denied charges by opposition parties that agricultural loans are being misspent, it is obvious that the administration cannot scrutinise most of its loans as carefully as a private bank might do.

One Venezuelan cattleman told me that official credits often do go astray and that it is most difficult for the Government to verify project realisation. "One fellow I know got a 1m. Bolivar loan (\$233,000) from the Government, and sent it straight to the U.S."

Many Government farm credits had been invested in construction and real estate projects in Caracas until recently, when the Government moved to limit rampant speculation that often yielded profits of several hundred per cent. to investors in luxury apartments and shopping centres.

In spite of abuses like this, however, the greater part of the Perez administration's agricultural policy has made a positive impact. "Modernising agriculture in any country is a long and difficult process," President Perez said at an agricultural fair in Barquisimeto this month. "The important thing, though, is that agriculture has now achieved the rank it deserves in the list of national priorities."

J.A.M.

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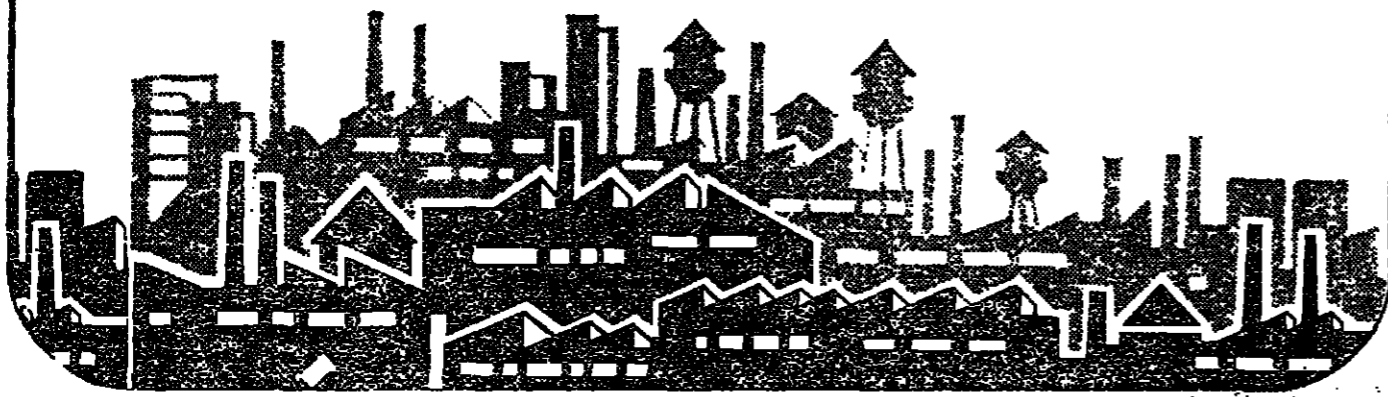
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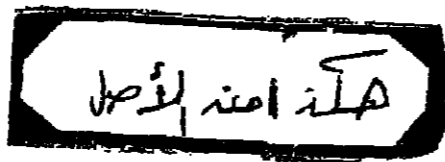
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Complex foreign policy

ONE PRESIDENT and three ministers are involved in Venezuela's foreign policy which is arguably more complex and active than that of any other Latin American country. The policy is being pursued on three parallel lines. Venezuela's most vital interests now depend to a large extent on its relationship to an international body in which it played a major part in creating itself, the Organisation of Petroleum Exporting Countries, whose next plenary meeting is to take place near Caracas in December. OPEC has been a godsend for Venezuela in that it brought riches through its concerted action on prices which the country could never have ever achieved on its own. At the same time it has proved a difficult animal to walk with. In its desire to keep OPEC together Venezuela has on a number of occasions had to step in and offer its good offices in mediation among other members. At a time when Saudis and Iranians were pulling in different directions on the question of whether the oil price should move Venezuela tried to play a moderating role either at the conference table in the person of the oil minister, Sr. Valentín Hernández, or through the direct diplomacy of President Pérez who visited Saudi Arabia, Iran, Kuwait, Qatar and the United Arab Emirates last May.

How much Venezuelan diplomacy counted in the decision remains debatable, but it is nevertheless true that tensions in OPEC decreased a little after the President's visit to the Middle East. Venezuela loses the world that a former oil minister Sr. Juan Pablo Pérez Alfonso was a leading figure in the establishment of OPEC in Baghdad in September 1960. OPEC's only other Latin American member Ecuador entered the organisation under the sponsorship of Venezuela while on the other hand Caracas's growing lack of sympathy with the idiosyncratic attitudes being struck by the government of Trinidad and Tobago will doubtless ensure that the country's prospects of acceding to the Organisation are no greater to-day than when it was blackballed by a Middle Eastern OPEC member on its first application for membership.

Policy within OPEC has recently become increasingly bound up with one of the other main strands of Venezuelan policy, its leading role in the North-South dialogue. Venezuela's prominent part in ordinating the drive of the poorer countries for economic concessions from the developed countries was publicly recognised when Sr. Manuel Pérez Guerrero, the Minister of State for International Economic Affairs was selected to chair the Conference on International Economic Co-operation in Paris jointly with the Canadian delegate.

Venezuela has consistently tried to fight off the argument that OPEC was the worst enemy of the developing countries and the principal reason for the upsurge of inflation in the world. President Pérez has called it "an international intrigue, created by transnational interests and by some developed countries."

Caracas has proven to be generous aid giver, perhaps in order to give the lie to accusations of OPEC's selfishness. In the past three years the government has made available more than \$1bn. in loans and grants to international aid organisations and on a bilateral basis. Support has been given to schemes in a large number of countries from a loan to keep LIAT, the island-hopping airline of the Eastern Caribbean, in the air, to the donation of a cargo vessel to landlocked Bolivia which wants to build up a merchant navy.

With OPEC affairs hived off to Sr. Hernández, and Sr. Pérez Guerrero looking after the North-South dialogue it might appear that the incoming Minister of Foreign Affairs, Sr. Simón Alberto Consalvi, who took over from Sr. Ramón Escobar Salom after an abrupt cabinet shake-up earlier this year, had less than a full-time job. But such is not in fact the case. The Foreign Ministry has a great deal to do in Western Hemisphere affairs and relations with Western Europe and Communist countries, not least in flushing out the personal initiatives frequently taken by the President himself.

President Pérez has made improving Venezuela's standing in the Caribbean a special priority. The countries of the Pact, Venezuela, Colombia, Ecuador, Peru and Bolivia were all states in which Simon Bolívar, the Liberator, took a special interest; and the President's invocations of Bolívar are frequent enough for the impression to be given that history as having helped particular regions with Venezuela's present oil wealth much in the same fashion as Bolívar

freed them from Spanish colonialism with the force of his arms. The Andean Development Fund, the principal financial arm of the Andean Pact, has its headquarters in Caracas, has benefited from the generosity of the Venezuelan Government and will doubtless continue to benefit. Venezuela has intervened in Peru's present financial crisis by putting some funds on deposit with Peruvian banks and generally interceding with private banks and international financial institutions in favour of Lima being offered softer terms for its borrowing. There is a close rapport with Ecuador which is not only a partner in the Andean Pact but also fellow member of OPEC.

Even the ever ticklish relationship with Colombia seems to be improving as a solution appears to be imminent of the disputed demarcation of the maritime boundaries between the two powers in the Gulf of Venezuela, a topic which is more important than it would first appear, given that the ownership of large quantities of offshore oil could well be at stake.

At the same time Venezuela is setting to know better its smaller neighbours in the Commonwealth Caribbean. The Caracas government has become a contributor to the Barbados-based Caribbean Development Bank and is likely to be a donor in the big new multilateral financial institution which is being planned for the region this year.

Not without some gentle encouragement from Whitehall, Caracas is welcoming leaders of the smaller territories of the Eastern Caribbean who have had contact with the Pérez Government, often going away with a Venezuelan decoration in their pocket. President Pérez and Mr. Michael Manley, the Jamaican Prime Minister, have met on several occasions and relations with Guyana have also improved, despite the continuing Venezuelan claim to a large chunk of Guyana territory. The unpredictability of the government in Port of Spain has, on the other hand, often made relationships with Trinidad and Tobago more awkward than they might have been.

Venezuela's attitude towards the dictatorships of Southern South America have been characterised alternately by impatience and long suffering on a number of major occasions. Caracas newspapers seldom let more than a few days

pass without some reference to human rights. Chile and President Piñera doubt about his attitude human rights violations. To back up his nations, Venezuela took part in blocking a move to retain its membership of the Andean Development Corporation—and its Venezuelan money—a expulsion from the Pact.

Similar impatience totalitarians government pressed when Venezuela drew its ambassador Montevideo after the Uruguay Government was being a violent incident with who was seeking asylum Venezuelan Embassy. In the case of Argentina President Pérez was of opinion that his action coming to Caracas of Jorge Rafael Videla, the President in May, help on the cause of democracy. The result so far has been a disappointment. Whatever the success failures of President Perón's Venezuela's strategies have been strengthened since the start to power of Perón, and his communitarian human rights and democracy. Carter's attempt of the Ford-Ki policy of support for the Right, whatever intrinsic merits, and his attitude to the aspirant Third World countries, drive for a New International Economic Order have that President Pérez is able to lay aside the obligation which he was obliged to adopt towards the interests of the previous Administration. Mrs. Rosalynn Carter's Caracas in June was as full as President Pérez's visit to Washington, second, this month, under witness the signing of a U.S. Panama treaty, was in Caracas as the very factory administration of yesteryear, not a little money in the cause of a more ed agreement between the countries. The most prominent in the Western sphere and the richest in Latin America are pulling in the same direction on a number of major

dom let more than a few days competition is very aggressive. "There are fabulous amounts involved, but the Government sometimes takes five or six months to pay, and the agency is not channelled through agencies, executive pay. Following the 1973 elections, advertising agencies, executive pay. Following the 1973 elections, advertising agencies, executive pay. Following the 1973 elections, advertising agencies, executive pay.

According to industry estimates, advertising in Venezuela last year, with about 65 per cent of the bill, a Venezuelan and costs less than other newspapers and magazines in found themselves with in terms of exposure, absorbed of dollars worth of advertising, while another third went to Opposition parties. Since newspapers, 18.5 per cent to Government took over in radio, 7 per cent to advertising in cinema, it is the custom of the people it had opposed here to subject viewers to 15 year before. "This year, advertisements are talking about car, (for 1978) in newspapers at all commercial stations and two industry executive said. Commercial stations and two industry executive said. Commercial stations and two industry executive said.

The country has 150 radio stations, 47 daily newspapers, from sophisticated, attractive 32 weekly papers, 134 magazine and American and 530 cinemas. But to amateurish, smudged audiences. Advertising agencies in Venezuela are required by law to be at least 80 per cent held by Venezuelans. The 15 or so agencies here include a high to David Panchard, a partner in Estudio Zipper, "There are three or five management and creative jobs much work in this country since, like so many other areas, the supply of well-trained professionals is very short. The best glossy magazines are imported," a foreign executive said. Miami, Venezuela is only the biggest accounts for the developing industry and photography agencies are the most expensive products available. Venezuelans' fondness for smoking and drinking is demonstrated by the fact that they bought 18.5bn. cigarettes last year (up from 11.5bn. in 1976) and by their rankings are the world's third largest consumer of whisky and major per capita consumer of champagne. Many agencies shy away from Government advertising, because of the red tape and the waits involved in receiving pay. These results come from a

POLITICS TO-DAY

What the Liberals still lack

THIS is the last round of conferences I shall be writing as a commentator, it is a cheerful not to judge that the Liberal Party's debate this week on the Lib-Lab agreement goes straight into my (slightly slim) anthology of while Political Debates.

At first sight, this may seem a perverse selection since I have written self-congratulatory remarks on the Liberal Party's performance in the House of Commons. The Liberal Party's performance in the House of Commons is not a subject for which I have written anything in my anthology. It is not a subject for which I have written anything in my anthology.

Ministers and a sense of what it is reasonable to expect and of how far the Government can be pushed that is independent of how the situation looks to the outsider.

The test of this last proposition will come quite rapidly, as a matter of fact, when the European Elections Bill is introduced in the House of Commons. The Liberal Party's performance in the House of Commons is not a subject for which I have written anything in my anthology.

But, like canaries carried down a mine, whose death marks the approach of danger, they normally please but inconsequential voices have taken on a rather desperate significance.

The basic assumption on which the entire Liberal discussion is based is that the two main political parties are drifting away from the Centre—the Labour Party towards domination by a more doctrinaire form of socialist interventionism (with or without a populist, pseudo-participatory twist) while the Conservatives are becoming increasingly dominated by an aggressive middle-class back-lash. This assumption may, of course, be false—as each of the major parties claim it is in relation to themselves (though not in relation to their opponents). But if we accept, for the sake of argument, that there is something in it (as I think most people do) we are bound to find the Liberal predicament crucially important.

Shoulder its way up the middle of British politics and elbow aside the two existing giants. The second strategy—which has become plausible in the last two years, as the strains within the existing parties have grown—is to hope for a big bang. The thing is that as the existing parties pull away from each other they become more likely to split and eventually, particularly if some extra momentum is applied in the centre, one or other will do so. After the dust has settled, a brand new Centre Party will be discerned amid the rubble to the astonishment and delight of all.

During the course of this week it is most of his followers that not really grasped its full implications. It may not work at all if the voters do not like it. But even if it does, its continuation beyond the next election depends upon a repeat of the rather rare occurrence of the Liberals holding some kind of balance of power. It also means that the Liberals might well have to be prepared to climb into a genuine coalition with Mrs. Thatcher, if she would have them.

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Sustenance

Finally there is what one might call the beneficent parasite theory. A Centre Party should attach itself to one giant or the other, adding strength and weight to its host, preventing excessive movement in any direction and, of course, deriving sustenance for itself.

The debate in Brighton this week has really been about the probable efficacy or otherwise of these three notions. Mr. Cyril Smith is basically a conventional Liberal theory man who wishes to put forward the Liberal Party as an alternative government in full panoply. Mr. Grimond is now the chief "big bang" theorist and would have preferred last March to bring on an election and a Tory government on the grounds that it might well have speeded up the split of the Labour Party and the rebirth of the Centre.

Mr. Steel's theory is the third one and though it is the one to which the Liberal campaign was based since March, one of the things that has become clear during the course of this week is that most of his followers have not really grasped its full implications. It may not work at all if the voters do not like it. But even if it does, its continuation beyond the next election depends upon a repeat of the rather rare occurrence of the Liberals holding some kind of balance of power. It also means that the Liberals might well have to be prepared to climb into a genuine coalition with Mrs. Thatcher, if she would have them.

The Steel reply to some extent recognises this force; for he and Mr. Pardoe, who are the chief proponents of the parasite theory, are the first to recognise that the positive achievements of Liberals have been doing, with notable lack of success for most of the time, for 30 years. Nevertheless, in the end the crux of the debate is more fundamental than that and concerns the nature of voting psychology. The essence of Mr. Steel's case against the pact was contained in his phrase "You can't fight an election on the basis that the Liberals will hold the balance of power." What he was saying—echoed by a number of other speakers in different ways—was that the appeal of the Liberal Party under the Steel strategy was ultimately a negative one. For although the party might have many good policies and might even be able to show that it had foisted a few of them onto the Labour Government, the main proposition on which the Liberal campaign was based would be the emotional one that they had demon-



Cyril Smith at Brighton: a conventional Liberal theory man.

Experimental

Why, then, was Wednesday's debate so absorbing? The answer, I think, is that the Liberals have put themselves—rather Mr. Steel has put them—into a genuinely experimental position. And by this I mean not simply that they are trying out strategies they have never tried out before—though that is true. The point is that their fate in the next twelve months will be an indicator of the future of British politics. They may not, as a matter of fact, be able to do a great deal to affect the issue one way or

the other. But, like canaries carried down a mine, whose death marks the approach of danger, they normally please but inconsequential voices have taken on a rather desperate significance.

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claim really only makes sense in negative terms. The Liberals (in conjunction with the Prime Minister, the IMF and various other factors) have managed to prevent the Government trying to fulfill its more doctrinaire election pledges and have therefore reassured the markets. What we are talking about here is not Mr. Pardoe's grandiose schemes for tax reform or a major change in industrial partnership but simply the Liberal's power to prevent, or at least impede, the worst from happening.

I, for one, am not going to sneer at this achievement. But the question is whether the man in the street sees things in this light. Is he sufficiently frightened to become a negative centrist—because at present there is nobody in the centre (apart from the right wing of the Labour Party which now dominates the Government) who is in a position to show any tangible and positive rewards for a centrist policy. The Liberals still lack what they have always lacked since 1923—a clear-cut coalition of economic interests to back them. The question which haunted the Liberal Assembly this week was whether our national situation is now so desperate that a party can exist without one.

over, if the delegates had on turning nasty. Mr. Steel and the majority of his entourage colleagues would have tried on regardless. Even if the pact was adopted, it would have largely done for the morale of the rank and file to let off and it is even possible that Mr. Callaghan and Mr. Steel would have tried to force the Liberals from now on the truth is that the life of its own which exhortations and even resolutions designed to "get it in mid-course" of Liberal spokesmen a relationship with

Letters to the Editor

Industrial Democracy

Mr. R. Greenhill,
David Steel's statement in the House of Commons on 27 September is shortly to unveil the proposals for a new scheme on profit-sharing and employee shareholdings. It is most welcome to this long overdue

the law which states—"If you cannot join them—beat them." Mr. R. Greenhill, Mr. Cockman, Copeman and Partners, 178, Temple Chambers, Temple Avenue, E.C.4.

Chance operates both ways

From Mr. R. Davies.
Sir.—In the last paragraph of Mr. J. Littlewoods' letter (September 24), he refers to the question as to why "some bond holders go prize-less for a time." I am one of the "some" in that the bonds I bought at the inception of the scheme have generated one prize only (for £25), and that was more than 18 years ago. Truly chance operates both ways.

I do not know what sort of records are kept by either the Government Actuary or the premium bonds office but it would be interesting to know how many bonds bought at the beginning—in November 1956, for example—have never served me right—have never figured in the prize list.

R. Davies,
104 route de Suisse,
1290 Versoix/Ge, Switzerland.

Change in the Shetlands

From the Chief Executive, Shetland Islands Council.
Sir.—I refer to David Buchanan's generally excellent article on the European Investment Bank which appeared on September 7, in which he refers to the paragraph referring to the EIB loan to this council in connection with the Sullom Voe oil terminal. You state that the loan "may create or maintain up to 1,000 badly needed jobs" and point out that this is an example of the coincidence of aims of EEC energy policy and British regional policy.

Making factual TV programmes

From the Managing Director, Yorkshire Television.
Sir.—It is surprising that your columnist (September 21) should have been so ill-mannered as to reply in public to a private note which I sent him. Unlike your columnist, I have found no evidence either in Venice or in London, that conventions are being "undermined."

Unreasonable interest rate

From Mr. A. Slack.
Sir.—Minimum lending rate is now 6 per cent. Bank deposit interest is 3 per cent. less anything up to 98 per cent. income tax. When is the Inland Revenue going to reduce the interest rate charged on "overdue" tax payments from the punitive 9 per cent. net which is now most unreasonable?

Future supplies of energy

From Mr. D. Streeton.
Sir.—In his letter, Mr. Walter C. Patterson (September 23), states that he hopes evidence submitted at the Windscale inquiry by, on behalf of the Friends of the Earth will merit your attention. In this regard Mr. Patterson mentioned a submission made by Dr. Peter Chapman which covers a wide range of subjects in support of his views on alternative energy supply.

To-day's Events

- British Standards Institution dinner, Mansion House.
- Conference on rules governing commercial exploitation of Antarctica continues, London.
- CBI Europe Committee meets.
- Mr. Edward Taylor, Shadow Secretary of State for Scotland, addresses East Aberdeenshire Conservative Association.
- Institute of Purchasing and Supply two-day conference opens, Maidenhead. Theme is "The Contribution of Purchasing and Supply to Better Economic Performance."
- COMPANY MEETINGS: Acrow, 8, South Wharf Road, Essex, 12.
- W. 10, County and District Properties, Great Eastern Hotel, E.C. 12, 12.30. Dyon (J. and J.), Sheffield, 12. Electrocomponents, Great Eastern Hotel, E.C. 12. Pirrh (G.M.), Bradford, 11.30. Fraser Ansbacher, Plaisteads' Hall, E.C. 11, Maple, Winchester House, E.C. 12. Polymark International, Jeddite Road, W. 3, Sanger (J.E.), Butchers' Hall, E.C. 12.15. Smith (David S.), Hams, High Road, Willesden, N.W. 12. Webb (Joseph), Dudley, 12. Wiggins Construct, Benfleet, Essex, 12.
- OPERA: English National Opera production of La Boheme, Coliseum Theatre, W.C. 2, 7.30 p.m.
- BALLET: Sadler's Wells Royal Ballet perform Concerto, Apollo, and Card Game, Sadler's Wells Theatre, E.C. 1, 7.30 p.m.
- MUSIC: Norris Marshall gives organ recital, St. Stephen, Walbrook, E.C. 4, 12.30 p.m. Richard Markham (piano) in programme of Haydn, Faure, Prokofiev, Berg and Debussy, Turrell Rooms, S.E.1, 7.30 p.m.
- SPORT: Golf: Dunlop Masters tournament, Lindrick, Notts. Tennis: Fernod Trophy, Edinburgh.

Legislative pollution

From Mrs. C. Ribbens.
Sir.—Sir Geoffrey Howe, "shadow" Chancellor, is to be commended for his attack on "legislative pollution" and too many laws (September 26). Sir Geoffrey was, of course, the architect of the 1972 Euro-

Future supplies of energy

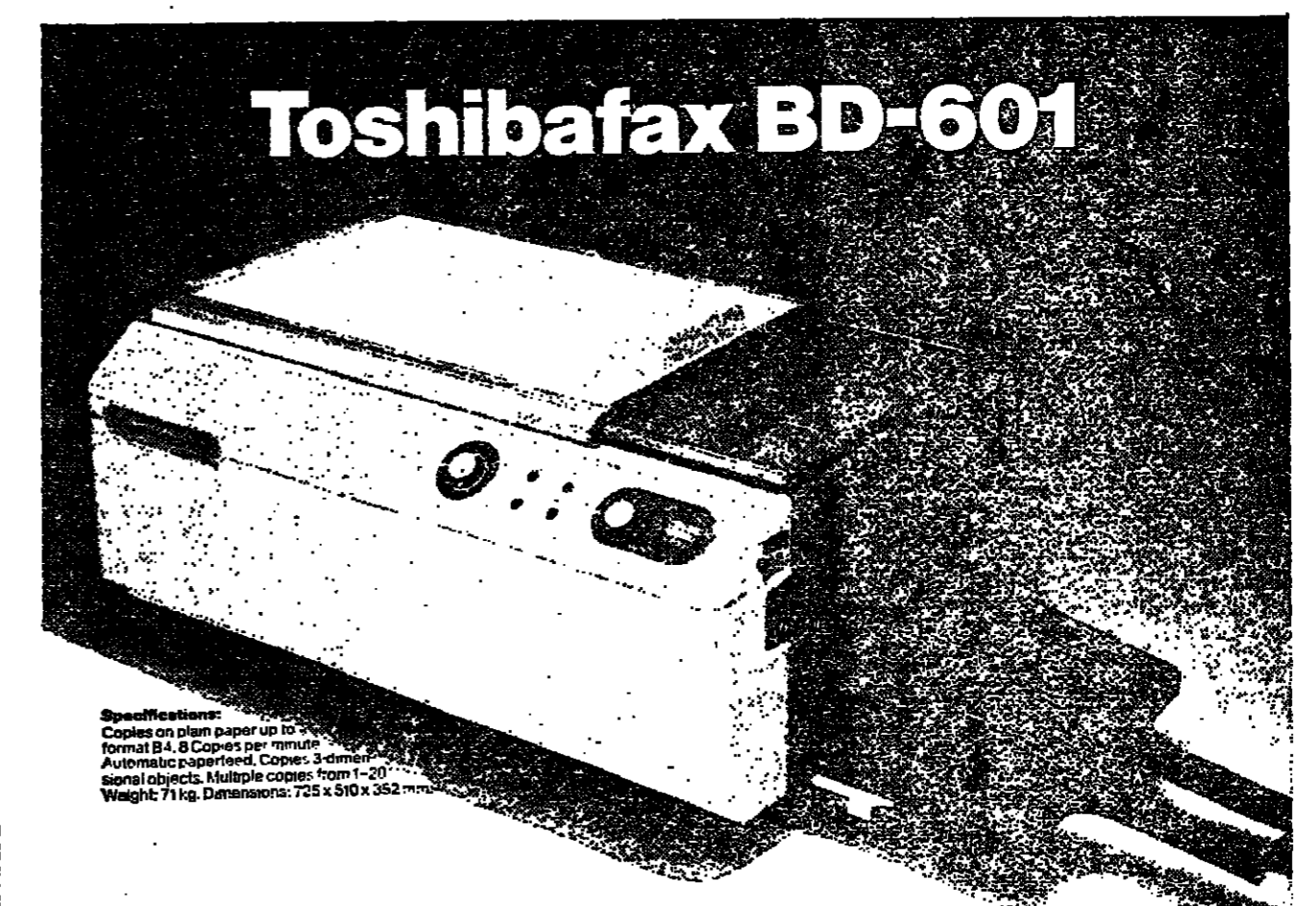
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£12m. half year at RMC: growth seen

COMPANY NEWS + COMMENT

Geo. Wimpey improves to £17.5m. midterm

FIRST HALF 1977 pre-tax profits of Geo. Wimpey and Co. were up by £1.5m. to £17.5m. by the directors state that the figures for the first half of 1976 were not strictly comparable as they do not reflect the later change of accounting procedure under SSAP No. 9. Total profit for the whole of 1976 was a record £41.5m.

INDEX TO COMPANY HIGHLIGHTS table with columns: Company, Page Col., Company, Page Col.

are not in a position to give any information regarding the financial state of the company. They added that Bond Worth's directors had been asked to furnish them with a statement of affairs as at August 10.

First half upsurge by Hanger

REFLECTING THE substantial improvement made in real terms, taxable profit of Ford main dealers, Hanger Investments, jumped from £207,000 to £530,300 in the first half of 1977. Subject to the supply of new vehicles the directors anticipate an improvement in the second half over the £293,000 reported for that period last year.

APG tops £0.5m. at halftime

FIRST-HALF 1977 taxable profits of Allied Polymer Group more than doubled from £274,000 to £575,000 on external turnover of £34.8m. against £27.94m.

The directors state that trading is generally equal to, or better than, expectation in the company's marine, aeronautical, graphic arts and engineering capital equipment sectors, but remains below budgeted levels in others.

Footwear Industry advance

FOR THE YEAR to May 31, 1977 Footwear Industry Investments reports pre-tax profits ahead from £722,235 to £822,969, on turnover of £9,35m. against £8,93m.

At half-way when the profit advance was from £338,000 to £432,000 the directors said they expected satisfactory results for the full year.

current period will run from January 1, 1977, to March 31, 1978.

comment

Despite a 110 per cent. leap in first-half pre-tax profits Allied Polymer is still being held back by its heavy industrial division and its heavy construction division. The directors are still the 35 per cent. below those earned in 1976. So despite a significant upturn in profits from marine and aviation equipment and from offset printing equipment full-year pre-tax profits may be no more than £1.7m. against £1.01m. last year.

Strong and Fisher up to £1.8m.

HIDE, SKINS, leather and tanning group Strong and Fisher (Holdings) boosted pre-tax profit to £1,810,000, higher at £2,210,000 in the year ended May 31, 1977.

At half time directors were confident of peak results for the year, and reported all group territories working at full capacity with high output for its suede, grain and woolskin products. Half time pre-tax earnings were £1,035m., and similar figures were expected for the second half.

Bond Worth

The joint receivers and managers of Bond Worth's failed carpets and furniture group which was Equity Capital for Industry's first investment, said yesterday that they were still assembling information about the company's affairs.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Correlation of dividend, Total for year, Total last year

Dividends for 1976 per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional payment. § Includes additional 0.0285p. ¶ Additional 0.081p. †† To reduce disparity—18-month period. ††† Additional 0.0285p. †††† Additional 0.0389p. ††††† Second interim replacing final announced with final. †††††† Comparable dividend is a 10p dividend with final. ††††††† Subdivided from 10p shares into 5p shares. †††††††† Additional 0.1021p.

Brown Brothers jumps 72% at six months

FIRST-HALF 1977 sales of Brown Brothers Corporation rose by 14.7 per cent. to £19.85m. and pre-tax profit was 72 per cent. higher, at £2.54m. over the six months, compared with £1.47m. at the same time last year.

Table with columns: Turnover, U.K., U.S., Other overseas, Total, Profit on disposal of assets, Administrative expenses, Interest, Income tax, Tax, Net profit, Dividend, Interest, Net profit, Dividend

At June 30, 1977, the bank overdraft stood at £5.88m. (£3.36m.) net current assets were £8.74m. (£5.01m.).

Mr. E. G. Spearling, chairman, reports that the company will continue to report the results for 1977 well ahead of the previous year, he adds.

All the motor divisions of the major distribution company Brown Brothers made substantial progress and continued to increase their planned growth in sales and market share in the last half. The scheduled reduction in the volume of motor products—radio, television, and domestic appliances—was accelerated.

TAXABLE PROFIT of Ready Mixed Concrete rose £2m. to £22.02m. on turnover up £31.24m. to £286.15m. in the six months to June 30, 1977. And further solid progress in the second half, forecast by Mr. J. Camden.

The improvement will largely be due to the fact that outputs in the U.K. operations now appear to be levelling out.

Mr. Camden says that in the first half the volume of business in West Germany showed a disappointing decline, while, as anticipated, outputs continued to fall in the U.K.

Ready Mixed is also proposing to offer improved conversion terms to the holders of its 8.5 per cent. convertible loan stock. The stock matures on December 31, 1978, and holders can convert in June next year at the rate of 85p/5/3 per £100 of loan stock. The company is now proposing that the repayment be 34 shares per £100 nominal of stock.

FPA marginal fall at midway

Pre-tax profit of Sheffield-based FPA Construction Group fell now been subjected to cut marginally from £207,900 to £197,000 in the six months to June 30, 1977.

Matthew Clark outlook

The AGM will be held at Winchester House, E.C. on October 24 at 11.30 a.m.

Gordon & Gotch

Stronger trading, a feature of the last financial year at Gordon and Gotch Holdings, has continued into the current 12 months. Sir Anthony Percival, chairman, told the annual general meeting in London.

Weeks Associates Ltd

INTERIM REPORT (UNAUDITED) FOR THE 26 WEEKS ENDED 26 AUGUST 1977

Table with columns: Turnover, Trading Profit, Interest Paid, Profit Before Taxation, Corporation Tax, Net Earnings, Earnings per Ordinary Share, Dividend per Share

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

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The Return. You choose the term from 4 to 10 years. The returns for each £1,000 invested are:—

Table with columns: Term of Years, Income from Star High Income Bond, Maturity Value or of Eagle Growth Bond, Net Yield to Basic Rate Taxpayer, Equivalent to a taxable investment yielding below tax at 34%

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Vertical text on the right edge containing additional financial information and advertisements.

Vertical text on the bottom right edge containing additional financial information and advertisements.

A FINANCIAL TIMES SURVEY

BAHRAIN BANKING AND FINANCE

OCTOBER 11 1977

The Financial Times is preparing to publish a Survey on Bahrain Banking and Finance. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION Establishment of Bahrain as a Gulf financial centre: effects on the economy: offshore banking and business growth: prospects for further evolution of the financial centre.

- BAHRAIN MONETARY AGENCY
THE BAHRAIN GOVERNMENT
RETAIL BANKING
OFFSHORE BANKING
SERVICES
LABOUR
LONG TERM FINANCE
COMMUNICATIONS
REPRESENTATIVE OFFICES
EXPATRIATES
WEALTH IN BAHRAIN

The proposed publication date is October 11 1977. For further details of the editorial synopsis and of advertising rates contact:

Laurette L. Lecomet-Peacock, Assistant Overseas Manager—Middle East, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-248 8000 Ext. 515. Telex: 885033 FINTIM G.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

Eastern Produce at £4m. James Finlay on tea price rise

A SIXFOLD increase in pre-tax profit of £4.08m. is reported by Eastern Produce (Holdings) for the six months ended June 30, just under £3.5m. of funds and on turnover up from £14.1m. to £11.18m.

The greatly improved result reflects higher prices obtained by the group's plantations. Tea prices have fallen considerably from the high point early in the year and directors say it is not possible to predict the price which will be obtained for the substantial balance of the crop yet to be marketed.

However, they hope that full year results will allow a final dividend to be paid at the 1977 rate of 3.09p per 50p share. Dividend payments are recommended with a 1.32p interim dividend. The 1977 final was the second payment. Earnings per share before extraordinary items are 21.8p compared with 2.9p.

Table with 2 columns: 1977, 1976. Rows include Turnover, Profit on current ops, Associated profits, Taxation, Net profit, Leaving.

comment The first-half profits of Eastern Produce have been revolutionised by the high tea prices. Like James Finlay, which also reported yesterday, Eastern derives most of its tea from Africa and has not been a major producer of tea in India.

Sedgwick Forbes Hong Kong offshoot The international insurance broking group, Sedgwick Forbes Holdings, has established a wholly-owned company in Hong Kong.

Laurence Scott A new integrated sheet metal plant, part of a £25m capital investment programme by Laurence Scott, the Norwich-based electrical engineering group, will be opened in Norwich on November 24.

Announcing this at the AGM Mr. P. M. Tapscott, chairman said last year's operations generated just under £3.5m. of funds and some £2.4m. of this sum was spent, leaving the balance of some £1.1m. to augment the company's liquidity. However, the group is spending heavily on capital investment which will require over £1.5m. and when the eventual recovery in business develops (last year the group only worked at about 65 per cent. capacity) it will require more working capital.

The group made one acquisition last year and further small strategic acquisitions will be considered as opportunity affords. The chairman said that the group was not almost at the half way stage of the financial year and had budgeted to improve upon the first half of last year. However, in view of the extended withdrawal of a small number of employees and an extensive write off from the large motor works in Norwich during April and May, the planned growth of profits for the current year must be deferred to the second half.

Good response to ICL option scheme ICL received a good response to its first share option offer to employees under the savings-related share option scheme approved by holders on August 11.

Monument Secs. turns in £124,896 Pre-tax profit of Monument Securities rose from £17,883 to £124,896 for the year to March 31, 1977, and reflects the contribution from subsidiary Universal Towel Company, which is now the sole trading company in the group.

Ingall Inds. declines by some £50,000 After a fall from £115,000 to £81,000 at mid-way, Ingall Industries reports taxable profits down from £33,845 (£71,111) to £23,429 for the year to June 30, 1977.

Associated Book rises to £1.11m. at half-time TAXABLE PROFITS for the first six months of 1977 at Associated Book Publishers climbed from £0.77m. to £1.11m. on turnover ahead £1.14m. at £11.46m.

R. Cartwright pushes higher in first half On sales £511,700 higher at £2,420,800 R. Cartwright (Holdings) pushed profit £129,900 higher to £296,600 in the six months ended June 30, 1977.

Fitch Lovell moving ahead Mr. G. T. Webster, chairman of Fitch Lovell stated at the AGM that the first quarter's results were ahead of last year and, while the group's turnover continued strongly, there was evidence of margins coming under pressure.

Hoskins & Horton Including an exceptional item of £109,500 from the sale of land mentioned in the chairman's statement last year, pre-tax profit of Hoskins and Horton, civil engineers, hospital equipment manufacturers and builders, rose by 41 per cent. from £264,600 to £372,500 in the first half of 1977.

James Finlay midway upsurge

The directors of Howard decided on the change of name to James Finlay and Co. for the first half of 1977.

Stated earnings per 50p share are 32.8p (57p) and the net interim dividend 5.5p (2.75p) should counter-inflation legislation come to an end in July 1978 without being renewed, and other means of increasing dividend levels be found in the meantime, the directors anticipate paying a second interim of 7.5p.

comment James Finlay has benefited because of the jump in tea prices and the much improved crop yield in Kenya. Finlay has long sought to reduce its dependence on tea but because the price rise it has so far failed. The shares at 319p are standing at a prospective p/e for the year of only about 4.

New auditors for Howard Tenens Shareholders in Howard Tenens Services voted in favour of the board resolution at yesterday's AGM to remove Collins and Co. as the firm's auditors and to appoint Touche Ross.

Table with 2 columns: 1977, 1976. Rows include Turnover, Profit on current ops, Associated profits, Taxation, Net profit, Leaving.

Midterm risk for Pirelli General On first half 1977 results from 284,700 to 237,000, Pirelli's profit of £1,200,000 compared with £1,000,000 in the same period last year.

Interim Report FPA CONSTRUCTION GROUP LIMITED INTERIM STATEMENT The Directors have the pleasure in announcing the Group's results for the six months ended 30th June 1977, compared with the same period in 1976.

Interim Result For the 6 months ended 30th June 1977

Table with 3 columns: First 6 months 1977, First 6 months 1976, 2000's. Rows include Turnover, Operating profit, Profit before taxation, etc.

Group profits before tax for the first half year increased by 20% to £12,022,000. Further solid progress is expected in the second half of the year.

The Directors have declared an interim dividend of 2.5p per share and intend that the total dividends for the year will be increased by 10% maximum permitted under dividend control regulations.

Ready Mixed Concrete

Zambia Copper Investments Limited

Extracts from the review by the President, Dr. Z. J. De Beer

Profits and Dividends Apart from a brief period during March 1977, the price of copper has remained depressed for most of the year under review, and neither Nchanga Consolidated Copper Mines Limited (NCCM), nor Roan Consolidated Mines Limited (RCM) was in a position to declare any dividends during the financial year.

Loans from Minerals and Resources Corporation Limited (Minorco) The continued delay in the externalisation of dividends from Zambia, together with the commitment to Botswana RST Limited and the low level of income, resulted in a shortfall in cash resources during 1976.

The Copper Market The rate of recovery in the economies of the industrialised nations remains the predominant factor governing the price of copper on world markets.

The Zambian Mining Industry In terms of both output and financial results, the performance of the industry over the past twelve months has been creditable, given the considerable difficulties that have been experienced.

Associated Book rises to £1.11m. at half-time

TAXABLE PROFITS for the first six months of 1977 at Associated Book Publishers climbed from £0.77m. to £1.11m. on turnover ahead £1.14m. at £11.46m.

R. Cartwright pushes higher in first half

On sales £511,700 higher at £2,420,800 R. Cartwright (Holdings) pushed profit £129,900 higher to £296,600 in the six months ended June 30, 1977.

Fitch Lovell moving ahead

Mr. G. T. Webster, chairman of Fitch Lovell stated at the AGM that the first quarter's results were ahead of last year and, while the group's turnover continued strongly, there was evidence of margins coming under pressure.

Hoskins & Horton

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RMC Ready Mixed Concrete Aggregates Concrete Products Builders Merchants Waste Disposal

AND DEALS... Doors 400p... COUNTY PROPERTY... income...

AND DEALS

a-Dooars rs 400p Moran

res of Moran Tea Hold... ahead yesterday from... following a surprise... share bid from... Company. The bid... with reported pre-tax... Moran of £1.34m. for... March 31.

EXPANSION AT WADHAM The Wadhams Stringer motor group is expanding into the North West with the acquisition of Skelley's (Merseyside) and Skelley's (Rent-A-Car). The final consideration has not been fixed, though based on the net asset values of the two companies, together with an undertaking to settle loans outstanding to Skelley's Associated Companies, the outlay could be £1.1m.

NEB STAKE IN HIVE The National Enterprise Board is taking a £54,000 equity stake in Tyne and Wear air pollution control equipment concerns Hive. The NEB has subscribed for 7,000 new Ordinary shares at £2 per share giving it 26 per cent. of shares, and 40,000 £1 10 per cent. cumulative redeemable participating 1985 Preference shares at par.

OFFER FOR FIELD company has made a offer for the Kilmar engineering works owned and Kennedy. This subsidiary of Crane U.K. to receivership earlier agreement team from... of Atlanta, Georgia, manufactures water- and environmental... is to visit the plant... and decide whether to... and British concerns are... to be showing... the 40-acre works... consideration related to pre-tax... receiver, employees... original 1,000 labour... er bid of £1.25m. by... nnessman, Mr. William... was rejected by the... plus a sum not exceeding £50,000.

INT. COMBUSTION ACQUISITION International Combustion (Holdings) has acquired Bardic Engineering for £780,000 cash. In addition there may be a deferred consideration related to pre-tax profit of Bardic for the year to March 31, 1978, of a sum not exceeding £250,000, equal to two and a-half times the amount by which such profit exceeds £250,000, plus a sum not exceeding £50,000.

CAPITAL AND COUNTIES Property Company announces that the sale and leaseback of the Victoria Centre to the Pension Fund of Imperial Chemical Industries, was completed yesterday. The company received £11.5m. for the mainly freehold interest in Victoria Centre and now has substantial funds available for investment.

COUNTY AND DISTRICT PROPERTIES LIMITED extracts from Report and Accounts to 31 March 1977

Table with financial data for County and District Properties Limited. Includes Gross income £1.57m-up 106%, Revenue after tax £.32m-up 105%, Dividend 12%-.792p per share (.1p), Earnings per share 2.80p-up 85%, Shareholders' funds £10.9m.(109p)-up 60%.

Henry Sykes Interim Report

or the 26 weeks ended 26th June 1977 An outstanding half year when compared with the first half of 1976

Such an exceptional advance will be difficult to repeat but the steady rate of growth established over recent years should be maintained

Second half of 1977 has started well with full order books

Table with financial data for Henry Sykes. Includes Sales £9,544, Profit before taxation 1,124, Profit after taxation & extraordinary items 512, Earnings per ordinary share before extraordinary items 6.0p, Dividends per ordinary share - net 0.55p.

The figures for the 26 weeks to 26.6.77 and the 26 weeks to 27.6.76 are unaudited.

Henry Sykes Limited, Sykes House, 445 Woolwich Road, Charlton, London SE7 7AP

Brown Brothers Corporation Limited

7 Southampton Place, London WC1A 2DE

E.G. Spearing, Executive Chairman, comments: "In a period in which the industries we serve have had problems, our profits and earnings have exceeded forecasts and we expect these trends to continue"

The vehicle component distribution and engineering Group

MINING NEWS

Saint Piran floats off South Crofty

BY PAUL CHEESBRIGHT

THE LONDON mining and house-building group, Saint Piran, is to sell 33 per cent. of the issued capital of South Crofty, a wholly owned subsidiary and the operator of the biggest tin mine in the country. It is announced to-day, that 3.25m. shares with a par value of 10p each will be offered for sale at 50p each. This should realise £2.625m. for Saint Piran, and values the issued capital of South Crofty at £7.5m.

On the London market it is generally assumed that the South Crofty sale will be a success. Indeed some brokers suggest that the offer price has been plied. They are of the view that the shares will open at a premium of at least 10p to the offer price.

Applications for the shares are being handled by Joseph Selous who have underwritten the issue. The list opens and closes on October 5. The minimum application is for 200 shares. Saint Piran favours sales to small investors but expects that there will be institutional interest. Cornish demand is expected to be strong.

Under the offer document pre-tax profits of £2m. are predicted for South Crofty in the current financial year to the end of March 1978. Pre-tax profits last year were £1.5m. But this is a conservative estimate.

The prediction is made on a basis of an average tin price of £5.00 per tonne against the average of £4.081 received in the last financial year. In fact the tin price has been over £6.00 since July 14, and yesterday closed at a record £6.76.

An interim dividend of 1.65p and a final of 2.475p for the current year are predicted. Total credits this amounts to a gross figure of 6.25p a share, against 5.55p paid in 1976-77 on 1.13m. shares.

Saint Piran has been contemplating the sale of a part of South Crofty and its re-issuing for a number of years. The timing is linked to the high metal price, which shows every sign of continuing to rise, and the completion of a modernisation programme at the mine for a cost of £4.5m.

The funds Saint Piran will receive will be used for the expansion and acquisition programme it has already fore-shadowed. While the group appears to be seeking more diversification, its interest in mining will continue.

It has two mineral prospects in the west. The first is the Castell-Dinorwig uranium deposit which has been partially mined in the past. Exploratory drilling has taken place and the results are being evaluated. The second prospect has not been named.

Meanwhile the extension of South Crofty will continue. Four areas have revealed additional reserves: Dolcoath, Tineroth where the mine is ten times the mine average, Tolgus and Cornish the present bottom level of the mine.

The geologists, Mackay and Selous, consider that a working life of at least ten years and probably longer is justified. Production of 242,000 tonnes of ore a year is projected by 1981. Last year 18,800 tonnes of ore were treated to produce 1,345 tonnes of concentrate.

Prospectus Pages 37-39 See Lex

HEWDEN STUART ACQUISITION

Agreement has been reached whereby Hewden Stuart Plant will acquire the capital of Murray Pipework in exchange for 1,162,791 Ordinary shares. Murray Pipework was formed in 1969 and is engaged in the fabrication of pipework from premises in Glasgow and the erection of same on site.

The agreed bid by Turner and Newall for Storey Brothers is now unconditional following acceptance from shareholders representing 95 per cent. of Storey. The offer has now been extended until further notice.

The directors of Turner and Newall also announced that the Office that the bid will not be referred to the Monopolies Commission. Deals in the new shares of Turner and Newall are expected to begin on October 3 for deferred settlement on October 21.

RHEEM/REFEARN

Rheem International has officially confirmed that, although its offer has now automatically lapsed, it intends to undergo the investigation by the Monopolies Commission into its partial offer for Redfearn National Glass.

The Rheem bid was referred to the Commission last week by Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, along with the rival offer for Redfearn from Rockware Group. Rockware has already announced that it will wait for the Commission's report, which is expected within six months.

CHARRINGTONS

The document containing details of the formal offer by Coalite and Chemical for Charrington Industrial Holdings, recently given surprise clearance by the Office of Fair Trading to proceed, has been sent out to shareholders.

The directors of Charringtons, who faced an unwelcome bid from the Laird Group—which was subsequently allowed to lapse—are recommending the Coalite and Chemical offer and intend to accept on behalf of their own holdings which represent 0.4 per cent. of the equity.

مكازم الفحم



Interim Statement

Table with financial data for Wimpey. Columns: 6 months to 30.6.77, 6 months to 30.6.76, Year 1976. Rows: Operating Profit (including share of Associates' results) 19.0, Interest payable (net) 1.5, Interest receivable (net) -1.3, Profit before Taxation 17.5, Taxation 8.8, Profit after Taxation 8.7, Minority interests 0.3, Net Profit after Taxation attributable to the Group 8.4.

NOTE: The results for the half-year to 30 June 1976 are not strictly comparable with those for the first half of 1977 as the former do not reflect the later change of accounting procedure under Statement of Standard Accounting Practice No. 9.

Mr. R. B. Smith, The Chairman, states: "The value of work carried out during the half-year at £335m was 14% up on the corresponding period of 1976. Although the United Kingdom construction market is still depressed, the orders have ceased to decline in the last few months, though at the expense of profit margins. The maintenance of an active home market is vital, not only in itself, but as a base for continued expansion overseas. Sales of private houses are proceeding satisfactorily. The effect of the employment of funds in property acquisitions and development, many of which have not reached the income-producing stage, is reflected in the change in interest receivable and payable."

George Wimpey & Co. Limited, Hammersmith Grove London W6 7EN.

J & J DYSON LTD

THE MAIN TRADING ACTIVITIES OF THE GROUP ARE THE MANUFACTURE OF REFRACTORIES, SALE OF MOTOR VEHICLES AND SUPPLIES AND THE MANUFACTURING OF VEHICLE TRAILERS, BUILDERS MERCHANTING, AND THE SUPPLY OF LABORATORY EQUIPMENT.

Turnover and Profits both increased

Salient points from the circulated statement of the Chairman, Mr. Gerald A. Lomas, for the year ended 31st March, 1977.

- * The profits, subject only to taxation, emerge as £2,302,907 as compared with £1,310,338 for the year ended 31st March, 1976. This is after a turnover of £29,930,054 as compared with £23,481,266 the previous year. Your Directors propose a final dividend of 1.675p.
* Dyson Refractories Limited - The effect of the reorganisation of this division has been reflected in the results and the contribution to the group profitability has once again become significant.
* Pickford, Holland and Co. Ltd. improved their turnover by almost 40% in a year when world trading conditions were generally stagnant.
* M. & G. Trailers (Lye) Limited have just received our largest single order in the United Kingdom which, together with existing export orders, should ensure a significant contribution to Group profit.
* The Builders Centre (Sheffield) Limited - A satisfactory achievement in difficult circumstances and we look forward to increased activity and profit.
* Sandycote Motor Services Limited enjoys a high reputation and should produce good profits over the long term.
* Beecroft and Partners (Metallurgists) Limited achieved a record profit by a combination of increased turnover and stringent cost control.
* Efforts will be maintained and I anticipate that in the absence of any major setback beyond our control the Company's profitability will continue to improve. The Company is trading very profitably but we have now arrived at the stage where we must consider ourselves to be somewhat under-capitalised. I foresee therefore, that in the near future your Directors will seek to obtain additional working capital most probably by way of a rights issue. This decision, of course, would be advised as soon as it is made.

Copies of the Report and Accounts are obtainable from the Secretary, Griffs Works, Stannington, nr. Sheffield S6 6BW.

Wagon Industrial Holdings Ltd.

Salient Points from Review by Mr. C. Leslie Smith, O.B.E., Chairman:

Trading conditions were difficult, yet the Group produced record sales figures and achieved an earnings ratio of more than 28% on the capital employed in the business. The results justify your directors recommending the maximum permissible increase in dividend to 6.88p per share, making a gross total with tax credit of 10.48p compared with 9.53p last year. In June we completed the purchase of the Antocks Laim Group Limited who are steel furniture specialists with manufacturing facilities at High Wycombe and Sheerness. This acquisition will add considerably to our strength, and also be complementary to our existing steel furniture activities. We have also accepted the opportunity to buy the assets and name of Leabank Office Equipment Ltd. from Rubery Owen Ltd., transferring the plant to a new site in Wales where we anticipate being fully operational towards the end of our financial year. We have made an encouraging start to the current year and provided nothing unforeseen occurs, I look for a marked improvement in sales and profits.

Table with financial data for Wagon Industrial Holdings Ltd. Columns: 1977, 1976. Rows: Turnover 27,548, Profit before Tax 2,677, Tax 1,386, Extraordinary Items 72, Profit attributable to Shareholders 1,346, Retained Profit 721.

Copies of the Report and Accounts may be obtained from The Secretary, Wagon Industrial Holdings Limited, Imperial House, Bournville Lane, Birmingham B30 1QZ.

WAGON INDUSTRIAL

Profits and Earnings surge ahead

Table with financial data for Brown Brothers. Columns: Six Months 30.6.77, Six Months 30.6.76, Increase 1977 on 1976. Rows: Turnover 31,950, Pre-Tax Profit 1,290, Interim Dividend 0.5p, Earnings per share 1.275p.

MKU RECEIVES LOAN FUNDS

The Australian Government and Conzinc RioTinto of Australia are providing another \$A20m. (£12.5m) to Mary Kathleen (Leabank Australia) only producing uranium mine, reports our Canberra correspondent.

CHARRINGTONS

The document containing details of the formal offer by Coalite and Chemical for Charrington Industrial Holdings, recently given surprise clearance by the Office of Fair Trading to proceed, has been sent out to shareholders.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SKF looks to overseas divisions as profit slips

BY JOHN WALKER

STOCKHOLM, Sept. 29.

THE PRE-TAX profit of the SKF bearings, steel and machine tool divisions... The increase in steel product sales was on a par with the group average...

Holland Amerika moves to Caribbean

By A Correspondent

AMSTERDAM, Sept. 29.

HOLLAND Amerika Lijn Holdings NV is to move its headquarters out of Holland... The company will move to the Netherlands...

Head of Italcasse steps down

BY PAUL BETTS

A MAJOR POLITICAL storm was being averted here by the decision of Sig. Giuseppe Arcaini... The resignation of Sig. Arcaini, also chairman of the Italian commercial banks association...

Deutsche Babcock sales flat

BY GUY HAWTIN

FRANKFURT, Sept. 29.

THERE HAS BEEN NO improvement in West German demand for mechanical engineering products... The West German boiler-making, power generation equipment manufacturing and engineering group...

Publisher sees sales growth

GRÜNER and Jahr, the Hamburg-based publishing house, saw sales rise by more than 20 per cent last year... The group—which publishes the popular magazines Stern and Brigitte...

Nobel makes U.S. purchase

By Our Own Correspondent

STOCKHOLM, Sept. 29.

THE NOBEL CHEMICAL division of Bofors, the Swedish steel and armaments group, has signed a preliminary agreement to purchase Lakeway Chemical of Michigan U.S. for an undisclosed sum...

AMERICAN NEWS

Bayer bid faces Federal scrutiny

BY JOHN WYLES

FEDERAL GOVERNMENT anti-trust officials are to scrutinize the \$216m bid by West Germany's Bayer AG for Miles Laboratories to establish its possible effects on competition in the pharmaceutical industry...

GTE looking for growth

By Max Wilkinson

GENERAL TELEPHONE and Electronics is expecting a "substantial" growth in sales and earnings in the second half of expected the number of telephones installed in "Europe"...

EUROBONDS

Topics for the secondary market

BY MARY CAMPBELL

DOLLAR EURO-BOND dealers were yesterday predicting no change, or even perhaps a fall in the U.S. money supply figures, and expecting the market, if anything, to firm up today in consequence... The pricing of the Citicorp issue caused widespread comment in the market yesterday...

Wintershall BASF deal

COMPENSATION proceedings in respect of the Wintershall-BASF deal with BASF AG have been ended in a settlement whereby those Wintershall shareholders who remained until the 20-together took effect in 1974, will receive DM175 in cash for each Wintershall share held...

Siemens on short time

SIEMENS AG said it plans short-time working from October 1 to January inclusive for around 3,000 employees in its medicine technology sector, which is centred in Erlangen. Reuter reports...

Machines Bull earns Frs.54m.

COMPAGNIE DES Machines Bull, a holding company with a controlling stake in Honeywell-Bull, announced net earnings of Frs.54m. for the exceptional 18-months fiscal year ended on June 30, 1977, reports APIL from Paris. This compares with earnings of Frs.22m. for the 1975 calendar year...

BANK OF AMERICA

NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, September 28. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources...

Table with columns: Country, Currency, Value of DLR, Country, Currency, Value of DLR. Lists exchange rates for various countries like Afghanistan, Albania, Algeria, etc.

FIAT CONCORD S.A.I.C. ARGENTINA U.S. \$35,000,000 MEDIUM TERM LOAN. Bank of America NT & SA Banca Commerciale Italiana. The Bank of Tokyo, Ltd. Compagnie Financière de la Deutsche Bank AG. Crédit Suisse. Swiss Bank Corporation.

Steel companies to operate... IBM... Various vertical advertisements on the right margin.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

مكثان الترحيل

Steel companies agree to operate

PARIS, Sept. 29. The biggest French steel company, Creusot-Loire, and the German steel company, Vöest-Alpine, have agreed to operate...

Direct talks between VFW and MBB

By FLORENCE CARR BONN, Sept. 29. A FURTHER STEP on the long road to reorganisation of the West German aerospace industry...

Boral buys 17% of Brisbane & Wunderlich

By James Forth SYDNEY, Sept. 29. THE TANGLED struggle for control of Brisbane and Wunderlich...

SOUTH AFRICAN NEWS Stock market at peak

JOHANNESBURG, Sept. 29. HAVING BROKEN through the current outlook for institutional investors...

Primrose on dividends

THE ANNUAL REPORT of Primrose Industrial, the main brick producer in South Africa...

Toshiba sees earnings fall

TOKYO SHIBAURA Electric Company (Toshiba) expects its net earnings in the half-year ending this month and the year to decline...

Bahrain to issue public bonds

BY DOINA THOMAS BAHRAIN, Sept. 29. TO-MORROW the Bahrain Government will open the subscription lists for its first-ever public bond issue...

less inflationary way of financing government expenditure, than the straight conversion of dollar oil revenues into dinars.

Large at Kwong

HONG KONG, Sept. 29. VONG Shipping and Transport has lifted first-half profits by 49 per cent...

SELECTED EURO-DOLLAR BOND PRICES

Table with columns for Bid, Offer, and various bond types like Norak Hydro 8 1/2% 1982, etc.

SELECTED EURO-DOLLAR BOND PRICES

Table with columns for Bid, Offer, and various bond types like Michelin 8 1/2% 1983, etc.

MINORCO MINERALS AND RESOURCES CORPORATION LIMITED

(Incorporated in Bermuda)

Extracts from the review by the President, Mr. W. D. Wilson

The corporation's profits for the year ended 30th June 1977 were considerably higher than in 1976, mainly because of increased dividends from Englehard Minerals & Chemicals Corporation (EMC)...

Profits

The profit before taxation and extraordinary items for the year ended 30th June 1977 was US\$131 million, about 70 per cent of US\$57.2 million higher than in 1976...

Englehard Minerals & Chemicals Corporation (EMC)

EMC maintained its rising trend in net earnings during 1976 with a profit after tax for the year of US\$124.86 million, an improvement of almost nine per cent on the preceding year.

Trend International Limited (TIL)

As mentioned in my review last year, the Indonesian government has amended the terms of the Production Sharing Contract (PSC)...

Advertisement for Sheldon E. Prentice, Vice President, Manager, European Syndicate Department.

Advertisement for Salomon Brothers International Limited, One Moorgate, London EC2R 6 AB, England.

Advertisement for Citicorp Overseas Finance Corporation N.V., U.S. \$100,000,000 6 3/4% Guaranteed Notes Due 1980.

Advertisement for Citicorp International Bank Limited, featuring Citicorp logo and text about international banking services.

APPOINTMENTS

Chief Executive

for a well known and long established group, a medium sized public company, with substantial interests in engineering manufacture, engineering services and stockholding. These diverse activities are spread throughout the United Kingdom.

• RESPONSIBILITY will be for the total management of the group. Emphasis will be on further growth to take the business with increasing profitability into the 1980s.

• THE need is for an accomplished Managing Director, a qualified engineer, thoroughly experienced in directing the affairs of a profitable business. The qualities of personal leadership and commercial acumen are important.

• PREFERRED age around 45. Terms are for discussion. The salary element will be around £25,000.

Write in complete confidence to P.A.R. Lindsay as adviser to the group.

TYZACK & PARTNERS LTD 10 HALLAM STREET LONDON WIN 6DJ 12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Marketing Director

• IMPENDING retirement gives rise to this appointment. The company has an enviable reputation for the technical excellence of its formed metal components supplied to a wide range of OEMS in world markets.

• THE role is to generate profitable growth in the UK and overseas. Through home and export sales managers, responsibility includes: the direction and motivation of the sales force, the appointment of agents, pricing policy and the identification of new markets and products. Success will lead to progressive extension of responsibility and further advancement.

• ESSENTIAL requirements are: a broadly based technical comprehension, personal experience of selling and sales management, and success in directing the marketing of components to OEMS in the UK and overseas. Fluency in a European language would be an important asset.

• PREFERRED age: under 40. Terms are for discussion based on a starting salary of not less than £12,000.

Write in complete confidence to K. R. C. Slater as adviser to the company.

TYZACK & PARTNERS LTD 10 HALLAM STREET LONDON WIN 6DJ 12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

INVESTMENT ANALYST

Leading Financial Institution based in Dublin requires an EXPERIENCED INVESTMENT ANALYST

for a senior position in its RESEARCH DEPARTMENT

Close liaison with companies is envisaged and maximum scope will be given to an individual with the necessary flair and creativity to develop new ideas

Applicants should have an Economic or Financial background. The successful candidate will probably be a graduate. Experience in the London Stock Exchange or with an Investment Institution would be particularly advantageous. A very competitive salary will be offered to the right candidate. Replies will be treated in the strictest confidence.

Reply Box A 6102, Financial Times, 10, Cannon Street, EC4P 4BY.

LEADING FINANCIAL CONCERN

requires

PORTFOLIO INVESTMENT ANALYST

for work on U.S. Stock and Bond portfolios.

Preferably an Economics Graduate with approximately 3 years' experience. Good salary and working conditions in City-based office.

Please write Box A 6097, Financial Times, 10, Cannon Street, EC4P 4BY.

INTELLIGENT, ADAPTABLE PERSON WITH PERSONALITY REQUIRED BY FIRM OF STOCKBROKERS

For a permanent position in their DEALING ROOM

Previous experience desired, but not essential. Hours 9.15 to 4.30. Negotiable salary together with a good bonus and lunch vouchers.

Mr. J. R...

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was made on the 29th day of July 1977, presented to the said Court by THE GENERAL IRON FOUNDRY CO. LIMITED...

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was made on the 29th day of July 1977, presented to the said Court by THE MAYOR AND COUNCILLORS OF THE ROYAL BOROUGH OF WINDSOR and Maidenhead...

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was made on the 29th day of July 1977, presented to the said Court by SHARPE PRITCHARD & CO. Solicitors for the Petitioner.

IN THE HIGH COURT OF JUSTICE Chancery Division... NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was made on the 29th day of July 1977, presented to the said Court by THE SECRETARY OF STATE FOR TRADE...

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TESTING Sees faults in hot steel

ONE of the dreams of the steel bar and tubemaker, to cut subsequent production costs by finding internal faults while the metal is still hot, has been realised at the Hinxton Hall laboratories of Tube Investments. The system is in action at TI's Round Oak steelworks near Birmingham and is believed to be the first on-line application of electromagnetic-acoustic technology.

INSTRUMENTS Scopes from Carbon fibre's new start down under

FROM a basis of environmental testing and its associated electronics, Climaire Air Conditioning of New Malden has decided to extend its business by offering oscilloscopes made by BWD Electronics in Australia. Model 845 is a dc to 30 MHz dc trace variable persistence instrument particularly useful in assessing mechanically-based events since it allows transient, intermittent and very slow moving traces to be captured on the screen.

MATERIALS Finds holes in film

DETECTION of flaws in light-sensitive translucent opaque and reflective films can be carried out simply with a detection array based on fine carbon fibre. The equipment was originally designed by Carphel at the request of 3M Manufacturing Company, South Wales, for detecting holes in wide, thin, fast moving translucent films. A known alternative method, such as optics, electrostatics and ultrasonics were found to be unstable, unreliable, or too expensive.

Ultrasonic probes

A RANGE of standard ultrasonic inspection probes for non-destructive test equipment has been developed by MaEval NDT Company. The probes are said to provide comfortable handling, during scanning and include both compression wave and shear wave angle probes in single and twin crystal versions. The lead zirconate titanate crystals are protected by hard facings. Compression wave probes are available in crystal diameters of 10, 15 and 30 mm and two frequencies—2 and 4 MHz. These frequencies are also available in the shear wave angle probes, which provide four angles—35, 45, 60 and 70 deg.

PACKAGING High speed cartoning

TWO PACKAGING machines are at prototype stage at Precision Engineering Products (PEP), Bury St Edmunds. The company is a Unilever subsidiary. Expected to be available in production form early next year, one of the machines is for collating and cartoning bags and sachets containing a loose fill. The machine flattens, stacks and packs the bags at a rate of 100/minute. The other machine, which will probably have a similar launch date, is capable of applying wetted gummed paper tags for carton sealing at a maximum rate of 30 cases/minute. This machine can be adjusted to a range of heights and widths, and can apply sealing tape to cases of random length.

COMPUTERS More power to the scientist's elbow

OFFERING sharp competition to the IBM portable computer and to comparable units from Wang, Olivetti and other competitors is a new desk-top machine from Hewlett-Packard into which the company has crammed a tremendous amount of the latest circuit technology. This has enabled the company to introduce a more powerful processor and much more mass storage than available on comparable equipment hitherto. And borrowing from the developments that have made the company's desk-top calculators world leaders, the new System 45 can have up to eight read-only memory cartridges inserted into appropriate connectors to permit the unit to do graphics work.

METALWORKING Economical drill unit

AIR TURBINE driven drills tend to be noisy, and it has been argued, use too much energy in the form of electrical power to supply the compressed air. To produce 5 cu. ft of air at 100 psi requires over 1 hp at the compressor (Department of Energy figures). Maximum drill capacity is 11 mm diameter, maximum stroke is 165 mm, and maximum thrust is 45 lb. It is twice the working air pressure in psi. This uses compressed air at 50 to 145 psi in advance and retract the drill head to pre-set positions, and a 1 hp electric motor in drive the spindle. The motor can be driven with only 1 cu. ft. of air compressed.



COMMUNICATIONS Fiche over the phone

Capital and in BASED on experience with a U.K. police force, transmission of pictures from lines, Complex Term has developed a system for multi-location retrieval of realised company or organ documents. The documents are graphed and held on magnetic tape with each film coded. At each location the user has a VDU facsimile printer. All the fiche codes on a computer disc file at a central point. When a station user needs a film, they key in the number, and the disc file provides the location of the user has a VDU facsimile printer. The documents are graphed and held on magnetic tape with each film coded. At each location the user has a VDU facsimile printer. All the fiche codes on a computer disc file at a central point. When a station user needs a film, they key in the number, and the disc file provides the location of the user has a VDU facsimile printer.

PACKAGING High speed cartoning

First production model of new bottom loader has just been sold to a Dutch company, for cartoning milk beverages. Another unit is nearing completion in the PEP's new assembly shop. This machine is for handling products that rest unfavourably on side-loading devices. It loads the product vertically upwards into the cases, so that the product stays upright. Throughput is 12 cases (or 240 tubs)/minute. Cases can be sealed by PVA or hot-melt adhesive.

Printed drums

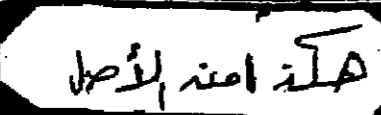
DRUMS AND BARRELS made in plastic by Hartco of Huntington, can now be screen-printed at the factory. A wide variety of colour styles is available, and the range ranges from printing trademarks to detailed instructions. Details from the company are from the Hartco Group, 09 0450 623.

PROCESSES Chlorine controlled

THE LEVEL of chlorine in open evaporative recirculating cooling water systems, paper mills and brewery pasteurisers, can be controlled by using sustained slow release microbicide tablets introduced by Dearborn Chemicals. The tablets contain an organic chlorine-releasing agent, with stabilisers and dispersants. Each (151/24 5351).

SERVICES Real time bureau

A RELATIVELY small company called Teleprocessing Computer Centre has decided to come to the market with a bureau service offering each customer continuous on-line real time processing with simple terminals at single or multiple locations. The system is distinct from time-sharing services in that the user is permanently connected throughout the working day. Such an offering is still relatively rare, and the U.K. company is basing its debut on the success of its Swiss associate, Gestrone S.A., which now has some 60 customers using 500 terminals. In the U.K. the company has installed a system for St. Nicholas Laboratories, for dealing with warehousing and merchandise handling. The particular point about the service is that customers remain on-line, with access to their files the whole working day via Teleprocessing's Burroughs machines at Slough. Easily-used terminals allow transactions to be processed via the 'happy' documents which are produced at user's request. The rate of information processing is



STATE SHEETS CONTINUED

Table with 5 columns: 31.12.72, 31.3.74, 31.3.75, 31.3.76, 31.3.77. Rows include Revenue profits/(losses), Depreciation, and other financial metrics.

The adjustments described in Notes 5 (a), (b) and (c) relate to items which have already taken place and cannot thus be written into the accounts for the year ending 31st March, 1977.

Table with 5 columns: 31.12.72, 31.3.74, 31.3.75, 31.3.76, 31.3.77. Rows include Mining Properties, Buildings, and Plant.

Table with 5 columns: 31.12.72, 31.3.74, 31.3.75, 31.3.76, 31.3.77. Rows include Prospecting in Bire, Deferred Revenue Expenditure, and Total.

Table with 5 columns: 31.12.72, 31.3.74, 31.3.75, 31.3.76, 31.3.77. Rows include Fixed assets of the Company at valuation, Fixed assets of Great Western Ores at cost less depreciation, and Mining operations.

Table with 5 columns: 31.12.72, 31.3.74, 31.3.75, 31.3.76, 31.3.77. Rows include Mining operations, Prospecting in Bire, and Deferred Revenue Expenditure.

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(v) any contract of arrangement in which he is interested by virtue of his interest in or through the securities of the Company or by reason of any other interest in or through the securities of the Company or by reason of any other interest in or through the securities of the Company...

(vi) any proposal concerning the adoption, modification or operation of a scheme of arrangement for the redemption or purchase of the Company's shares...

(vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries in which the directors are or have been or are to be or are to be interested...

(viii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries in which the directors are or have been or are to be or are to be interested...

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The Directors, South Crofty, Limited
The Directors, Joseph Seabag & Co.
Gentlemen

We have reviewed the accounts and calculations of the profit forecast for the year ending 31st March, 1978 compiled in the Offer for Sale document...

We have also reviewed the letter addressed to yourselves from Turquand Barton Mayhew & Co. concerning the accounting bases and calculations for the profit forecast...

On the basis used by you and relying on the accounting bases reviewed by Turquand Barton Mayhew & Co., we have formed the opinion that the profit forecast for the year ending 31st March, 1978 (for which you are solely responsible) has been made with due care and accuracy.

Yours faithfully,
TURQUAND BARTON MAYHEW & CO.
Chartered Accountants

6.10 CONSENTS AND DOCUMENTS
Turquand Barton Mayhew & Co. have given and have not withdrawn their written consent to the issue of this Offer for Sale with the inclusion therein of a copy of their Report and references thereto and a copy of their letter relating to the profit forecast in the form and content in which they are included.

6.11 DOCUMENTS AVAILABLE FOR INSPECTION
Copies of the following documents may be inspected at the offices of Joseph Seabag & Co., Buxton House, 3 Queen Victoria Street, London EC4N 3DX and at the offices of Turquand Barton Mayhew & Co., 111 Strand, London WC2R 0AL during usual business hours on any weekday (Saturdays and Public Holidays excepted) for a period of fourteen days following the date of publication of this Offer for Sale:

1. The Material Contracts listed above.
2. The audited accounts of the Group for the two years ended 31st March, 1977.
3. The Report, Statements of Adjustments and letter of Turquand Barton Mayhew & Co.

4. The valuations of Mackay and Schnellmann Limited referred to in the Report of Turquand Barton Mayhew & Co.
5. The Report of Mackay and Schnellmann Limited referred to above.
6. The written consents referred to above.

7. The Memorandum and Articles of Association of the Company.
8. The Report of the Registrar of Companies in relation to the above.
9. The above mentioned consents, statements of adjustments made by Turquand Barton Mayhew & Co., in arriving at the figures set out in their Report and the reasons therefor and copies of the letters of consent and a copy of this Offer for Sale and delivered to the Registrar of Companies for registration.

Dated 23rd September, 1977

7 How to apply
Applications must be made on the application form provided and be for a minimum of 200 shares, thereafter in multiples of 100 shares up to 2,000 shares, and thereafter in multiples of 1,000 shares up to 20,000 shares. Applications in excess of 20,000 shares must be in multiples of 5,000 shares. Each application must be accompanied by a separate cheque for the full amount payable on application and be forwarded to National Westminster Bank Limited, New Issues Department, P.O. Box No. 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2R 2BD to arrive not later than 10 a.m. on Wednesday, 5th October, 1977. Cheques, which must be drawn on a bank and be payable to National Westminster Bank Limited, must be made payable to National Westminster Bank Limited and be crossed "Not Negotiable". All cheques are liable to be presented for payment on receipt. The due completion and delivery of the application form accompanied by a cheque will constitute a legally enforceable promise that the cheque will be honoured on the usual banking and clearing practices in force in the United Kingdom on the application form to be filled in. Joseph Seabag & Co. reserves the right to refuse all letters of acceptance and surplus application monies pending clearance of all cheques, to reject any application and in particular, to reject multiple or suspected multiple applications.

Preference consideration will be given (up to an aggregate maximum of 500,000 shares) to applications, which must be for 200 shares and thereafter in multiples of 100 shares up to 2,000 shares and thereafter in multiples of 1,000 shares up to a maximum of 20,000 shares, received on the special bank application form to be returned to the Company or Great Western Ores (including full time employee directors) but not to other directors of the Company, Great Western Ores, Saint Piran or Services or their families or family trusts.

Acceptance of applications will be conditional upon the whole of the issued share capital of the Company being admitted to the Official List by the Council of the Stock Exchange on or before 12th October, 1977. Money paid in respect of all applications will be returned if such admission to the Official List is not obtained by that date and in the meantime will be retained by National Westminster Bank Limited in a separate account.

If an application is not accepted, the amount paid on application will be returned in full; if an application is accepted for fewer shares than the number applied for a cheque for the balance of the amount paid on application will be returned, in each case by post at the applicant's risk.

Arrangements have been made for the registration by the Company, free of stamp duty, of the ordinary shares now being offered in the names of the persons entitled thereto under the terms of the terms of acceptance which will be returned to and including 18th October, 1977. Share certificates will be despatched on 16th December, 1977.

Copies of this Offer for Sale incorporating an Application Form may be obtained from:
Joseph Seabag & Co., Buxton House, 3 Queen Victoria Street, London EC4N 3DX
National Westminster Bank Limited, New Issues Department, P.O. Box No. 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2R 2BD
Barclays Bank Limited, Marlborough Street, London W1M 2BD
Rudruh, Cornwall TR15 5EB

Table with 4 columns: No. of Shares, Amount Payable, No. of Shares, Amount Payable. Rows show 200, 300, 400, 500, 600, 700, 800 shares and their corresponding payable amounts.

8 Application Form

THE APPLICATION LIST WILL OPEN AT 10 A.M. ON WEDNESDAY, 5TH OCTOBER, 1977 AND MAY BE CLOSED AT ANY TIME THEREAFTER ON THE SAME DAY

South Crofty, Limited Offer for Sale of 5,250,000 ordinary shares of 10p each at 50p per share payable in full on application

FORM OF APPLICATION

To JOSEPH SEABAG & CO., Gentlemen
Having paid to National Westminster Bank Limited the above-mentioned sum being the amount payable on application for the stated number of Ordinary Shares I/we hereby apply to purchase that number of shares.

I/we declare that I am/we are not resident outside the Scheduled Territories and am/are not applying for the above-mentioned shares as nominee(s) for a resident outside those Territories. (If this declaration cannot be made, it must be deleted and reference made to an Authorized Depositary or to an Approved Agent in the Republic of Ireland; through whom this form must be lodged.)

Dated: _____ 1977
First or Sole Applicant: (1) Usual Signature
All Christian Names or Forenames
Surname (State Mr., Mrs., Miss or Title)
Address in full

A Corporation may complete under hand by a duly authorised officer who should state his representative capacity.
JOINT APPLICANTS (if any)
(2) Signature
All Christian Names or Forenames
Surname (Mr., Mrs., Miss or Title)
Address in full

(3) Signature
All Christian Names or Forenames
Surname (Mr., Mrs., Miss or Title)
Address in full

Instructions: Cheques (drawn on a bank or branch thereof in England, Scotland or Wales) should be made payable to "National Westminster Bank Limited" and crossed "Not Negotiable".
This form should be completed and sent to National Westminster Bank Limited, New Issues Department, P.O. Box No. 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2R 2BD together with a remittance of 50p in the amount of the share price of 10p each, for each share to which the application relates.
No receipt will be issued for the amount paid on application but an acknowledgment will be forwarded either by non-acceptable Letter of Acceptance (together, if applicable, with a cheque for any amount overpaid) or by return through the post of a cheque for the amount paid on application.

UNIT TRUSTS

Table of Unit Trusts (left column), listing various funds like 'Guardian Royal Ex. Unit Mgrs. Ltd.', 'Practical Invest. Co. Ltd.', and 'Arbuthnot Securities (C.I.) Limited' with their respective details.

Table of Unit Trusts (middle column), listing funds such as 'Henderson Administrative', 'Provincial Life Inv. Co. Ltd.', and 'Fidelity Mgmt. & Res. (Bd.) Ltd.' with their respective details.

Table of Unit Trusts (right column), listing funds like 'Kemp-See Management Jersey Ltd.', 'Save & Prosper International', and 'Schlesinger Ltd. Mgrs. (Jersey) Ltd.' with their respective details.

BASE LENDING RATES

Table of Base Lending Rates, listing rates for various banks and financial institutions like 'Bank of Montreal', 'Bank of America', and 'Bank of Canada'.

COMMODITY PRICE MOVEMENTS

Table of Commodity Price Movements, listing prices for various commodities such as 'A.1 per ton', 'Special per ton', and 'Shredded rindless'.

OFFSHORE AND OVERSEAS FUNDS

Table of Offshore and Overseas Funds, listing various international investment funds like 'Fidelity Mgmt. & Res. (Bd.) Ltd.', 'Kemp-See Management Jersey Ltd.', and 'Save & Prosper International'.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds, listing various insurance and investment products from companies like 'Albany Life Assurance Co. Ltd.', 'Equity & Life Ass. Soc. Ltd.', and 'New Court Property Fund Mgrs. Ltd.'.

CLIVE INVESTMENTS LIMITED advertisement, including contact information for the company and a list of insurance base rates.

Insurance Base Rates table, listing rates for 'Property Growth', 'Canon Assurance', and 'Address sheet under Insurance and Property Bonds Table'.

Top quality ventilation Vent-Axion the fug fighter

U.S. economic index rise a 'healthy' 0.8%

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Sept. 29.

THE U.S. index of leading summer full and moving in the economic indicators rose by a right direction.

In addition to the rise in August, the Commerce Department also announced that the July figures had produced a 0.2 per cent. increase in the index and not the originally estimated 0.3 per cent.

The fall in July, though modest, was taken particularly seriously since similar small falls had been recorded in the two previous months.

The encouraging news provided by the release of today's statistics was immediately seized on by Administration officials.

Mr. Michael Blumenthal, the Treasury Secretary, said that while monthly statistics were not necessarily significant "things to be picking up after the

been warning that balance of payments constraints must militate against much further stimulus of the U.S. economy.

Again today, Mr. Blumenthal warned that there was "little chance of any significant reduction" in either the current account or trade deficits in 1978 compared with this year's levels.

The latest Administration estimates foresee a trade deficit of between \$26-30bn. this year, with the current account short-fall about \$10bn. under that.

The Wall Street Journal reported this morning that because of the deficits the Treasury was having second thoughts about repealing DISC, the tax device which gives corporations breaks on their export earnings.

Mr. Blumenthal gave some substance to this report at his Press conference by definitely ducking a question on DISC, which had been declared illegal by the General Agreement on Tariffs and Trade (GATT).

He talked of the need to boost exports and reduce the trade imbalance, without saying whether abolition or retention of DISC will form part of President Carter's tax reform package, which was to have been unveiled next week but which, now, he said, had been a little delayed.

Another £50m. for Leyland

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND received a further £50m. tranche of long-term finance from the National Enterprise Board yesterday, but on terms which throw into question yet again its ability to fund its ambitious investment programme.

In a statement accompanying the announcement of the loan, the NEB made it clear yesterday that the company would not have needed the money now if it had held to its original plans.

The money is being granted, the NEB said, only because Leyland's cash flow has been adversely affected by a number of strikes at component manufacturers.

These statements indicate that the poor financial position Leyland reported recently for the first half of 1977 has deteriorated even further in the last three months.

Leyland has apparently pushed close to its borrowing limits with the banks and has been forced to take the NEB's long-term money at the high rate, for present market conditions, of 10 1/2 per cent.

This evidence of fresh financial problems for the company bears out indications that the car group's investment programme is running into trouble.

Substantial work is going ahead at present only on the Mini project, with other plans such as the expansion of Land-Rover and Range Rover production being held severely in check.

All these plans at the moment are being subjected to a further review by the National Enterprise Board, and there was another clear hint from the Board yesterday that they could well be trimmed back if there is no progress on industrial relations reform in the company.

Referring to the £100m. loan, promised to the company in the summer (of which the £50m. forms part), Mr. Leslie Murphy, chairman of the NEB, said that any further release of funds would depend on the view taken of Leyland's forward plans.

A delegate conference of Transport and General Workers Union plant representatives in Leyland Cars has been called for next Thursday in Brighton—where the union's leaders will be at the Labour Party conference—in a new attempt to achieve agreement on the company's proposals to reorganise bargaining structures.

TGWU shop stewards have rejected proposals for company-wide bargaining and pay parity on which Leyland's plans depend.

The decision to call the TGWU representatives together emerged at a meeting yesterday between Leyland management and union leaders including Mr. Moss Evans, general secretary-elect of the TGWU and Mr. Eush Scanlon, president of the Amalgamated Union of Engineering Workers.

Leyland strikers accept 10 per cent. Page 10

THE LEA Lonrho jumps the Fraser 100c

The first point to make about Lonrho's purchase of 19.4 per cent. of House of Fraser from Carter, Hawley Hale at the equivalent of 175p per share is that it is most unlikely to lead to an imminent bid for Fraser.

Apart from the fact that Fraser (which is capitalised at £183m. at last night's closing price of 158p) would be an enormous mouthful for Lonrho (capitalised at £135m.), the whole deal has obviously been designed to avoid triggering rule 34 of the Takeover Code, whereby a mandatory bid is required when a stake of 30 per cent. or more of a company is built up.

Lonrho already has an indirect interest in Fraser through Scottish and Universal Investments, in which it has just under 30 per cent. and which in turn has just over 10 per cent. of Fraser.

Observers of our share deals have noticed that Sir Hugh Fraser (who is on the Board of both Suits and Fraser) recently switched a block of Fraser shares from a beneficial to a non-beneficial holding.

And Carter Hawley is also playing its part by retaining a small part of its holding (just over 1 per cent.) subject to a buy and sell option, thus ensuring that however it is measured, Lonrho's enlarged interest remains below 30 per cent.

So Lonrho is through the Takeover Panel hurdle—and it seems unlikely to have much trouble with the Office of Fair Trading, either. There have been occasions when investments of less than 50 per cent. have been referred to the Monopolies Commission—but normally only when the company involved objects to its new shareholder. In this case, the Board of Fraser has explicitly expressed its support for Lonrho's investment.

For Lonrho, this represents an investment of £41m., which will produce a gross dividend yield on the current year payment of just about 4 per cent. However, Carter—obviously happy to be rid of what in dollar terms has been an unimpressive investment—is taking its payments in instalments.

The news is unlikely to have much immediate impact on Fraser's share price, which already includes a fair amount of froth. As for the rather longer term implications, the precedent of Suits is not especially comforting for Fraser shareholders. Lonrho acquired its original holding for 85p back

Index 1977



UK Treasury Bills

—four-fifths fell by a ten mixed still many margins and b interest profits b

In Germany say by 7 per cent. down by 5 per cent well there are building industry bottomed out, and should be able to profits for the £28m. with the further growth.

The balance looking good. The group net asset in 1977, £70m and has a 100% turnover. The group's 1977 turnover was £70m.

At the end of 1975, Wimpey had £50m. of cash and £41m. of debt. By last Christmas it had moved from being a net lender to a £52m. borrower. It now looks as though overdrafts have risen by perhaps £20m. in the first half of this year, and by the end of it the cash outflow could total £100m. over two years. Working capital requirements have risen sharply and acquisitions and investments last year totalled £45m., including Wimpey's long-term debt, but it is Wimpey's own property development side which is now the big spender.

Yesterday, as well as announcing interim pre-tax profits of just 9 per cent. to £17.5m., Wimpey was authorising another £10m. of developing expenditure in the U.K., bringing the total to £50m. Of this, £20m. is spent so far. The half-owned Continental development subsidiary, where Wimpey guarantees borrowings, has a £50m. programme.

The timing so far looks good, with many of the sites bought cheap in 1975-76. And Wimpey's record when backing other developments (Oldham Estate, the Euston Centre) is outstanding.

With a prospect of 12 1/2 per cent. cover by a profits fore based on a tin per the current market formula, seems successful. However bet that the main gainers will be Saint Piran, which taken so long to show through given the abysmal sales volume picture over the past three years.

During the first six months of this year U.K. deliveries of ready mixed concrete and aggr-

BICC in agreed £18.8m. bid for Dorman Smith

BY MAX WILKINSON AND KEITH LEWIS

BRITISH INSULATED Cables is about to take over Dorman Smith Holdings for an agreed £18.8m. in a further step to diversify from its traditional cable manufacturing interests.

Directors and other major shareholders of Dorman Smith have already pledged 62.5 per cent. of the Ordinary and 18.2 per cent. of the "A" non-voting shares, although the conditions of the bid demand 90 per cent. acceptances from all classes for it to succeed.

Dorman Smith, which is an electrical engineering group making low-voltage switchgear, moulded case circuit-breakers and circuit-breakers for military use, will add considerably to BICC's industrial products diversity. It had been known for some time that BICC intended to expand in this direction through acquisition.

Cable interests now account for only 40 per cent. of BICC's turnover. The group has moved progressively into civil construction, with the acquisition of Balfour Beatty, and into other areas such as electrical accessories and components, non-ferrous metal fabrication, industrial tapes, specialised metals, plastic fabrication and electrical and electronic connectors.

The existing BICC industrial products division has an annual turnover of £64m. In its last financial year, Dorman Smith recorded a turnover of £13.48m. and profits of £3.05m., against £2.73m. the year before.

BICC intends to operate Dorman Smith under its present identity and no redundancies are expected. However, Mr. Thomas Altherton, the chairman, yesterday said that he would be relinquishing his management responsibilities once the takeover bid went through.

He felt he was no longer able to provide the necessary energy and enthusiasm required to ensure the group's continued progress, and he had been advised on medical grounds to reduce his responsibilities.

Dorman Smith shareholders were told almost a fortnight ago that the company had received an approach which could lead to an offer.

They are now offered one BICC share, plus 29p in cash, for each Ordinary voting share—worth 147p at last night's price—and the "A" non-voting holders are offered one BICC share, plus 19p—worth 137p., each. There are cash alternatives in each case of 151p and 41p respectively.

Dorman Smith Ordinary shares ended the day 4p higher at 146p. The "A" shares were 3p higher at 134p.

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Benefit overpaid 'by only £10m.'

BY RUPERT CORNWELL, LOBBY STAFF

FAR FROM running out of control, Social Security overpayments, including those extracted by fraud, reached only £10.8m. in 1975-76, a figure, when inflation is taken into account, little changed from that of six years earlier.

This finding emerges from the latest report of the Public Accounts Committee, the Commons' Government spending watchdog. It points out that overpayment of benefits represented only 0.12 per cent. of total outlays, or just 1p in every £8.

Of the £10.8m., less than a quarter—£2.6m.—was due to fraud. Mistakes by claimants were responsible for £2.5m., while over £5m. was the result of errors by officials.

Prosecutions were brought in 1975-76 in 19,000 cases, with a conviction rate of 93 per cent. The committee, based on evidence from the Department of Health and Social Security, seemed last night too good to be true to the vociferous lobby which has claimed that Social Security "scurrying" had reached 31c. per pound.

Mr. Ian Sproul, Conservative MP for Aberdeen South, who

launched the campaign, said £2.6m. was "an absurd under-estimate," and that the true sum lost to the taxpayer through fraud was more than £200m.

In return, Mr. Edward de Cann, the committee's chairman, admitted that the estimates were probably on the low side—conceivably by two or three times—but that he was biased since the committee only operated "on the basis of provable facts," adding: "This is not speculation."

The report also urged the Department of Health and Social Security to simplify as much as possible the system of allocating benefits, although it acknowledged the department's warning that because of the system's complexity, certain people might receive less.

Its suggestion comes as the Supplementary Benefits Commission is looking at ways of streamlining welfare payments, amid the growing conviction that the only way of achieving this might prove to be the phased introduction of a tax credit scheme.

Details, Page 8; Editorial Comment, Page 18

ICI manual workers agree to honour 12 month rule

BY CHRISTIAN TYLER AND JOHN ELLIOTT

THE TUC's contribution to wage restraint was given extra credit last night when unions representing 55,000 Imperial Chemical Industries' manual workers agreed to honour the 12-month rule and take Stage Two pay rises of £2.50-£4. backdated to June 6.

Lead by the General and Municipal Workers and the Transport and General Workers—the TGWU opposed the rule at the annual Congress—unions at ICI had been hankering back in case the rule collapsed at Congress.

But they asked the company to work out productivity-linked pay rises—these are expected from the 12-month rule—and will meet management again in November. The company said no figures for such rises had yet been mentioned.

The Government yesterday stepped up its campaign to maximum public support for the use of pay policy sanctions against companies despite the mounting hostility of employers, unions and Opposition leaders.

Mr. Roy Hattersley, Prices Secretary, last night rounded up the Conservatives and accused them of being hypocritically backing its 10 per cent. earnings ceiling but then undermining its policies for achieving it.

Speaking in Lancashire he claimed that confusion in the Tory ranks proved their clear dismay at Labour's economic policies were working.

He and other Ministers are known also to be angry at the attitude towards sanctions adopted by the CBI, which all summer has been calling for a 5 or 6 per cent. wage norm as part of a Phase Three deal with the trade unions.

The CBI's president's committee discussed the Government's application of sanctions at its monthly meeting yesterday and decided to stick to its policy of qualified opposition to the idea of companies being penalised.

The CBI backs the Government in wanting to bring down the rate of inflation and has said that the 10 per cent. earnings ceiling should mean basic pay settlements of no more than

5 or 6 per cent. But while backing the Government's aims, the CBI does not approve of its methods, because it considers that the use of sanctions against companies is both arbitrary and unfair.

Although it has not spelt it out, the CBI's real sympathies are mainly with companies which may be forced by trade union industrial action to exceed the limits. In such cases, it considers it potentially damaging both to the company and to the employment prospects of its employees for the financial damage of industrial action to be followed by financial sanctions from the Government.

There is less sympathy at CBI's headquarters for companies which pay high rises voluntarily unilaterally without insisting on withstanding union demands. James Mackie and Sons of Belfast is considered in some quarters to fall in this second category but this does not mean that CBI leaders such as Mr. John Methven, CBI director general, feel free to condemn or disown a member company publicly.

The CBI has said that it will intervene with Government departments when member companies run into trouble. This could lead to a more open spin between the Government and the CBI if there were a difference of opinion over the merits of a particular case where the Government wanted to exercise sanctions.

In the public sector, however, local authority employers in Bournemouth were told by Mr. Peter Shore, Environment Secretary, that the Government regarded the sector as crucial to the policy's success.

Rupert Cornwell writes: Mr. Hattersley condemned the Tories for their attempt last July to block a Bill giving power to the Price Commission and for their carrying complaints when the Government took determined action to secure its pay policy goal.

This question has been vexing employers and unions alike. In practice Ministers appear to be insisting that every settlement must produce no more than a 10 per cent. earnings increase for the group of workers involved.

That is the line that council employers will be taking in the coming wage round for their 2m. employees.

Shipyards workers angered, Page 10

Funeral workers plan to strike from Monday

BY PAULINE CLARK

BRITAIN'S FIRST all-out official strike by funeral workers is planned to start in London on Monday.

Union representatives of more than 1,900 coffin makers, embalmers, hearse drivers, decided on industrial action last night after rejecting an employer's offer of 50p an hour for lunch work on top of an already agreed Phase Two increase.

The funeral workers represented by the 2,000-strong National Union of Funeral Service Operatives, which claims 65 per cent. of the funeral work-

force in London, has been asking for £6 extra on the basis of productivity and pay for stand-by duty.

The basic average wage at present is put at just over £50 a week.

The decision follows a temporary work-to-rule earlier this month in London over the same issue which led to delays in funerals.

Other unions with members working in hospital mortuaries, and crematoriums are being asked to support the funeral workers' action.

Weather section with U.K. TO-DAY and BUSINESS CENTRES forecasts.

Table with columns for location, weather, and temperature.

U.S. warns Japan

gress may decide to take the matter into its own hands.

Later, Mr. Mitsuoka said that the Japanese vice-minister for International Affairs in the Finance Ministry, insisted that Japan had never made any "promise" about its trade this year.

Hoping that Mr. Blumenthal would not be over-hasty in his reaction, Mr. Mitsuoka said that his Government was sure that its recently announced stimulus package would be enough "to move the trade surplus towards equilibrium."

When newsmen closely questioned him about the rising level of Japanese exports, he insisted that in volume—opposed to dollar—terms Japan's exports increased only 3 per cent. in the second quarter of the year, and as the unit price of Japanese goods continued to rise as the yen appreciated, they would inevitably become less competitive.

In general, Mr. Mitsuoka appeared unrepentant about the Japanese surplus and he warned that protectionist measures by any country ran the grave risk that they would lead to a "shrinkage" of world trade.

Continued from Page 1

Continued from Page 1

Advertisement for Aycliffe, Co. Durham, a million pound factory, offering a million-pound development area help.

Large advertisement for a million-pound plant in Aycliffe, cost only £375,680.

Handwritten Arabic text at the bottom of the page.